Royal dilemma that will not go away
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Best CDs of 1992 – including jazz trumpeter Joe Henderson
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European currencies: the day Germany detonated a time bomb
Page 2

FINANCIAL TIMES

Europe's Business Newspaper — WEEKEND DECEMBER 12/DECEMBER 13 1992 — D8523A

Somali warlords agree immediate end to feuds

Somalia's two fiercest warlords, who have kept the country in anarchy and starvation for two years, agreed an immediate ceasefire.

Gen Mohamed Farrar Aideed and Ali Mahdi Mohamed announced a peace plan, designed to end their clan feuding, at a meeting organised by US ambassador-at-large Robert Oakley. They met in the temporary US embassy, ringed by Marines and monitored from the air by helicopter gunships. The warlords have been forced to negotiate by the efficiency of the US and French military deployment, but many Somalis question how genuine the hasty reconciliation is. Page 26; 'City of death' becomes linchpin, Page 5

Russian crisis talks break up: Talks aimed at easing Russia's political crisis broke up without agreement as the Congress of People's Deputies voted to block President Boris Yeltsin's move for a referendum to dissolve the top legislature. Page 28

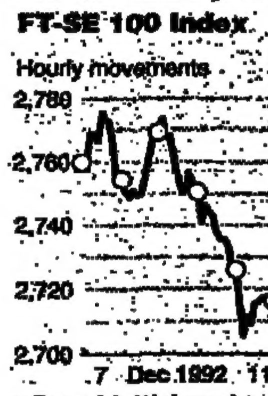
AT A SECRET meeting in Frankfurt on the evening of September 11, Bundesbank President Helmut Schlesinger and German Chancellor Helmut Kohl planted a time-bomb under Europe's exchange rate mechanism. It is still ticking. Behind the ERM Crisis, part two. Page 2

Storm chaos: A severe storm, with winds up to 70 mph, hit the north east coast of the US, causing massive flooding and hundreds of accidents. The New York subway system and suburban train services were brought to a virtual halt.

Nato sees Bosnian role: The secretary-general of Nato said he believed the alliance would provide military help if the United Nations decided to intervene forcibly in the Bosnian conflict. Nato military authorities were considering options for action in former Yugoslavia but did not have concrete plans, he said. Page 5

Japanese cabinet reshuffled: Japanese prime minister Kiichi Miyazawa reshuffled his cabinet to try to restore public confidence in his scandal-tainted administration. New appointments include the first woman cabinet minister and the youngest ever minister. Page 6

London share prices move lower:



At last night's close, the FT-SE 100 index was 43.2 down on a week which has seen repeated bouts of profit-taking because of doubts over prospects for a further one point cut in base rates. Last night, traders drew comfort from the Footsie's success in rallying from the day's low of 2,704.2, which came early in the day and reflected initial weakness in the stock index futures sector. The index closed at 2,716.2, down 10.3 on the day. Page 17; Weekend, Page II

New engine mounts for 737s: Boeing is working on an improved design for the engine mounts of its older 737 twin-engine airliners, after a Delta Air Lines 737 lost an engine after take-off at Dallas-Fort Worth earlier this year. Page 6

International Business Machines is under increasing pressure from large shareholder groups to take action to improve its performance. Page 14

US company plans N Ireland plant: A US high-tech company, Seagate Technology, from Minneapolis, is to build a factory in Londonderry, Northern Ireland, creating 500 jobs. The disk drive components plant will open in 1994.

Man charged over abortion schoolgirl: A man is to stand trial in Dublin on nine charges, including four of unlawful sex, involving the 14-year-old schoolgirl whose pregnancy sparked a national crisis on abortion in southern Ireland.

UK poised to equalise retirement age: UK social security ministers are backing an increase in the state retirement age for women from 60 to 65, in order to equalise pension ages. Page 9

Indian riots subside: The violence which has swept India since the destruction of the Ayodhya mosque was showing signs of receding after tough action by the police and army. Page 6

■ STOCK MARKET INDICES		
FT-SE 100:	2,716.2	(–10.3)
Yield	4.58	
FT-SE Eurotrack 100	1,044.83	(–5.6)
FT-A All-Share	1,283.13	(–0.3%)
Nikkei	17,441.82	(–60.28)
New York lunchtime		
Dow Jones Ind Ave	3,303.88	(–9.19)
S&P Composite	433.43	(–1.21)
■ US LUNCHTIME RATES		
Federal Funds:	$3\frac{1}{16}$%	
3-mo Treas Bills: Yld	3.382%	
Long Bond	$102\frac{7}{32}$	
Yield	7.433%	
■ LONDON MONEY		
3-mo interbank	$7\frac{3}{16}$%	($7\frac{1}{8}$%)
Liffe long gilt future:	Dec $100\frac{5}{8}$	(Dec $100\frac{1}{16}$)
■ NORTH SEA OIL (Argus)		
Brent 15-day (Jan)	$18.15	(18.2)
■ Gold		
New York Comex Feb	$335.8	(334.1)
London	$335.8	(334.15)

■ STERLING		
New York lunchtime:		
$	1.55875	
London:		
$	1.5585	(1.557)
DM	2.4575	(2.455)
FFr	8.3875	(8.38)
SFr	2.18	(2.1925)
Y	193.8	(192.25)
£ index	80.2	(same)
■ DOLLAR		
New York lunchtime:		
DM	1.5775	
FFr	5.3985	
SFr	1.487	
Y	123.8	
London:		
DM	1.5785	(same)
FFr	5.3875	(5.3825)
SFr	1.485	(1.4085)
Y	123.8	(123.5)
$ index	65.1	(65.0)
Tokyo close Y 123.78		

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EC progress on Danish demands ■ Britain to increase budget plan

Summit moves closer to deal

By Our Foreign and Political Staff in Edinburgh

EUROPEAN leaders last night moved closer to a deal on Danish demands for exemptions from the Maastricht treaty, raising hopes for the success of the European Community summit in Edinburgh.

After a day of passionate debate and hard bargaining on the EC budget, Britain's tactic of playing on leaders' fear of failure appeared to be paying off.

It was clear, however, that Britain – which currently holds the rotating EC presidency – would be forced to allow a more generous increase in the EC budget than it proposed. German Chancellor Helmut Kohl said more money had to channelled to the poorer countries: "I am prepared to compromise."

Other EC governments also warned Mr John Major, the British prime minister, that in return for a successful summit, he was expected to speed up British ratification of Maastricht.

Mr Douglas Hurd, Britain's foreign secretary, described as "nonsense" reports that Mr Major would be forced to agree to a firm deadline. But several other members said they wanted UK and Danish ratification by mid-1993.

France, which praised the work of the British presidency, said the EC had gone "80 per cent" of the way toward a solution of Denmark's demands for legally-binding opt-outs on the Maastricht treaty, thus preparing for a second Danish referendum, probably next May.

Mr Kohl's chief spokesman, Mr Dieter Vogel, said he could not imagine the summit failing because of a dispute over legal niceties.

Over lunch, other EC leaders appealed to Denmark to end the uncertainty about Maastricht which, they said, was paralysing the EC's work.

Mr Poul Schlüter, Danish prime minister, acknowledged the dangers of failure, saying there could not be a third referendum, and that Denmark could not enjoy the rights of full EC

membership in the event of another No vote.

"It will be difficult, but I think we will eventually succeed because if we don't the Maastricht treaty will not be implemented," he said.

The leaders were also last night expected to wrap up agreement on "subsidiarity" – decision-making at the lowest appropriate level. They agreed to accept a list of European Commission draft directives for scrapping, including a regulation on takeovers, but EC officials said

Continued on Page 26

Here's hoping: John Major crosses his fingers as he welcomes Danish prime minister Poul Schlüter

German steel group Klöckner files for protection

By Quentin Peel in Duisburg

KLOCKNER-WERKE, Germany's fourth largest steel maker, yesterday filed for protection from its creditors, underlining the plight of Europe's steel industry.

Klöckner formally applied for composition proceedings under German insolvency law, the first leading company to do so since AEG in 1982.

This would allow the company to negotiate a write-off of up to 60 per cent of the DM2.7bn (£1.1bn) it owes to creditors of its steel subsidiaries, Klöckner Stahl and Klöckner Edelstahl, as well as the parent company, Klöckner-Werke.

Composition is the last stage before a company faces bankruptcy, but Mr Hans Christoph von Rohr, the chief executive, yesterday presented it as a first step towards profitability and survival. He said the proceedings would not affect any of Klöckner's non-steel activities, concentrated in plastics and engineering, which account for two-thirds of its annual DM7.2bn turnover.

Deutsche Bank, the company's principal creditor, said it "fully supported the rescue plan".

Klöckner-Werke shares were suspended on the Frankfurt and Düsseldorf stock exchanges, but the news caused a fall of more than 20 points in the Dax index of the Frankfurt exchange, before it firmed marginally to close 18.47 lower at 1,476.01. Deutsche Bank shares and those of other steel makers were most affected, as well as those of Viag, the energy-based conglomerate which is Klöckner-Werke's largest shareholder, with some 20 per cent held through Klöckner and Co. Other major shareholders are C. Itoh of Japan with 5 per cent, and Australia's CRA with 8 per cent.

Mr von Rohr blamed the move on the collapse of steel prices on the world market – down DM150 per tonne in less than two years – and the company's huge debt service burden, running at some DM315m a year. He also blamed the "extraordinary burden" of

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Klöckner's brave face, Page 14
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Franc slide continues despite intervention

By Peter John in London and Alice Rawsthorn in Paris

THE French franc continued its slide within the European exchange rate mechanism yesterday in spite of intervention by the Bundesbank in support of the currency.

The day's trading underlined the strains within the ERM caused by the continued strength of the D-Mark, the result of a widespread belief that the Bundesbank is unlikely to cut interest rates soon.

The continued flow of money into the D-Mark also put pressure on the Irish punt and the Danish krone, the two weakest currencies in the ERM.

Speculation that the Edinburgh summit of European Community leaders might prompt a further realignment provided another incentive for investors to buy D-Marks.

The franc finished the day in London at FFr3.418 against the D-Mark, down from FFr3.413 on Thursday.

Yesterday's closing price was the franc's lowest since shortly after the European currency crisis of mid-September and within 1.2 centimes of its ERM floor against the D-Mark of FFr3.43.

The fall came in spite of intervention by the Bundesbank on three occasions and a statement by Mr Theo Waigel, the German finance minister, that there was "no need" to devalue the franc.

The Danish krone and Irish punt, which have been at the bottom of the ERM ladder for some time, faced renewed selling, which was countered by intervention from the Dutch and Belgian central banks.

The selling of the punt prompted Dublin to again rule out devaluation of the currency.

The currency time bomb, Page 2
Schlesinger calls for independent central banks, Page 4
Currencies, Page 15
World stocks, Page 23

Inflation drops to six-year low

By Emma Tucker, Economics Staff

UK INFLATION fell to its lowest level for six years last month, as recent base rate cuts drove mortgage interest payments lower. Official figures showed yesterday that retail prices fell by 0.1 per cent in November bringing the annual rate of increase to 3 per cent compared with 3.6 per cent in the year to October.

Retail price inflation excluding mortgage interest payments – an underlying measure favoured by the Treasury – fell to 3.6 per cent from 3.8 per cent in October. Mr Norman Lamont, the chancellor, whose target range for this measure is 1-4 per cent, described the fall as "very welcome news".

"Clearly there is substantial disinflation in our economy," he said.

In spite of the latest drop in inflation, Mr Lamont again damped hopes of an early rate

cut by insisting that he would not loosen monetary policy. Speaking after the figures were released, he said: "We need to be resolute in the battle against inflation. We cannot give up on it."

Glimmers of a recovery in retail sales were encouraged by an announcement from the John Lewis Partnership, the department store chain, that Christmas demand was starting to pick up.

Although total sales in the first week of this month were 1 per cent down on the same week a year ago, the company said sales of video games, personal computers and printers were buoyant.

"There is much left to play for and the next two to three weeks will be crucial," it said.

Yesterday's figures from the Central Statistical Office showed that headline inflation is now rising at its slowest rate since October 1986 when it was also 3 per cent. It is expected to carry on falling in the new year as the most recent base rate cut feeds through to the all-items index.

However, the CSO said that higher import prices after sterling's devaluation in September had yet to affect prices.

Ms Harriet Harman, Labour's treasury spokesman, said: "Of course low inflation is important, but what people want to see is an end to rising unemployment and a start to growth in the economy."

Although lower mortgage payments were the main factor behind the sharp fall in the headline rate, prices were depressed in virtually every component of the RPI, particularly in seasonal foods, clothing and footwear.

International comparisons of consumer price indices show that the UK's headline rate is less than the EC average of 4 per cent.

Clinton adds three women to top team

By Jurek Martin and George Graham in Washington

PRESIDENT-ELECT Bill Clinton yesterday added three women to senior positions in his administration, responsible for economic and domestic issues, and brought his old Oxford friend and adviser, Mr Robert Reich, on board as labour secretary.

Ms Laura D'Andrea Tyson, a professor at the University of California, will be the new head of the White House Council of Economic Advisers. An expert in trade and industrial policy, she has advocated government intervention to promote the high technology sector.

Ms Donna Shalala, the highly regarded chancellor of the University of Wisconsin, gets the health and human services portfolio. She worked in President Jimmy Carter's housing department, is close to Mrs Hillary Clinton and has been attacked for being "politically correct".

Ms Carol Browner, who runs environmental regulation in her native Florida, becomes is the next head of the Environmental Protection Agency. She served on the Senate staff of Vice President-elect Al Gore.

Mr Reich, though not a qualified economist, has like Ms Tyson been critical of classical free market policies.

Mr Clinton had said his government would be "more like America" in its racial and sexual composition. With four of his first nine senior appointees women, he has lived up to part of that pledge, but no black, hispanic or Asian Americans have been nominated.

The appointments are probably closer to the "new kind of Democrat" Mr Clinton promised to include than were the economic team, under Senator Lloyd Bentsen of Texas as Treasury Secretary, announced on Thursday.

Opportunity knocks, Page 11

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Austria Sch30; Bahrain Din1.250; Bermuda $1.85; Belgium BFr80; Bulgaria Lv28.00; China Fec 12.0; Canada C$1.40; Cyprus C£1.00; Czechoslovakia Kcs35; Denmark DKr14.00; Egypt E£4.50;Finland Fmk12; France FFr8.50; Germany DM3.30; Greece Dr250; Hong Kong HK$18; Hungary Ft152, Iceland IKr180; India Rup20;Indonesia Rp3,800; Israel NS5.50; Italy L2500; Japan Y500; Jordan JD1.50; Korea Won 2600; Kuwait Fils 800;Lebanon $US1.25; Luxembourg LFr60; Malaysia Rlo4.50; Malta Lm0.50; Morocco Dh13.00; Nigeria Naira20.00; Netherlands Fl3.50; Norway Nkr15.00; Oman OR1.50; Pakistan Rs35; Philippines Peo 46; Poland Zl 22,000; Portugal Esc180; Qatar QR12.00; S.Arabia Rls11.00; Singapore S$4.10; Spain Pta200; Sri Lanka Rup30; Sweden SKr14.00; Switzerland SFr3.00;Syria SyP50.00; Taiwan NT$65; Thailand Bht50; Tunisia Din1.250; Turkey L6000; UAE Dh10.00; USA $1.25 (Alaska & Hawaii $1.75)

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BEHIND THE ERM CRISIS

The day Germany planted a currency time bomb

In an austere Frankfurt building on September 11, German officials adopted a course that could change the monetary future of Europe. **Peter Norman** concludes his two-part investigation

Secret meeting: Schlesinger, Kohler, Waigel, Tietmeyer and Kohl plot a path out of Germany's money supply morass caused by Bundesbank support for the lira

IT WAS the Bundesbank that brought the phoney war surrounding Europe's monetary future to an end.

At a secret meeting in its austere headquarters in northern Frankfurt on Friday September 11, Helmut Schlesinger, the central bank's 68-year-old president, gave Germany's Chancellor Helmut Kohl the figures that threatened the end of Germany's counter-inflation policy. They also put an explosive charge under Europe's exchange rate mechanism – a time bomb which is still ticking in spite of three realignments during the last three months.

As a nearby clock struck 6pm, the mood in Mr Schlesinger's 12th floor room was as sombre as the all-black office furniture. Theo Waigel, German finance minister, Hans Tietmeyer, Bundesbank vice-president, and Horst Köhler, the energetic Finance Ministry state secretary, listened as Mr Schlesinger told Germany's leader how the central bank had been forced to buy a record DM24bn worth of Italian lire in the days before the meeting.

The Bundesbank president said the lire purchases, obligatory under the rules of the European Monetary System, were swamping the bank's efforts to control Germany's fast-expanding money supply. He asked the chancellor to approve negotiations to realign currencies in the European exchange rate mechanism.

The move was to end nearly six years of exchange rate stability in the ERM. That weekend, the Italian lira was devalued by 7 per cent and the Bundesbank decided on modest cuts in its interest rates in an attempt to calm financial markets. The package failed. Only days later, after unprecedented upheavals on currency markets, came Black Wednesday: the Italian lira and sterling were suspended from ERM membership, and the cause of European integration was dealt a blow from which it still has to recover.

Since Black Wednesday, it has become clear that the crisis in the EMS goes to the heart of the EC's future plans. Disarray in the ERM could at best delay, and at worst destroy, the EC's hopes for economic and monetary union by the end of this century. Even if it is ratified by all EC member states, the Maastricht Treaty looks more like a formula for establishing a two- or multi-speed Europe than a blueprint for union.

The EC's response to the monetary crisis has been slow. Its secretive monetary committee – charged with finding ways of correcting "fault lines" in the system – has made scant progress in three meetings on the subject. Its chairman, Jean-Claude Trichet, the director of the French Treasury, had no conclusions to report to EC leaders during their summit in Edinburgh which continues today.

However, while others have dallied, one institution has emerged with a clear idea of what it wants from the wreckage. The Bundesbank sees a monetary future for Europe: it will be designed and largely made in Germany.

In a series of speeches over the past two months, Mr Schlesinger, Mr Tietmeyer, and Mr Otmar Issing, the Bundesbank's chief economist, have spelled out a vision of Europe's future that amounts to monetary Darwinism, or survival of the fittest.

Mr Schlesinger and his colleagues give public support to the Maastricht Treaty goals of economic and monetary union. But at the same time, they express doubt about the effectiveness of the economic convergence criteria in the treaty and its lack of clarity about a political union to provide democratic support for the goals of a single European currency and central bank.

The Bundesbank's top decision makers insist that there can be no compromise in Europe with their objective of achieving price stability. Countries are welcome to try to fix their currencies to the D-Mark, but it is up to them to ensure that their economic fundamentals – such as inflation, international competitiveness and public finances – are in order.

Recently, Hans Tietmeyer, the Bundesbank vice-president, said successful monetary union would depend on the 'right choice of participating countries' and rejected the myth that all EC countries could proceed together to union

This rigorous approach to monetary union was spelt out most explicitly by Mr Tietmeyer in early November when he spoke to a conference of bankers in the German Alpine resort of Garmisch-Partenkirchen. The speech, which contrary to usual practice was not given wide distribution by the Bundesbank, underlined the view that successful monetary union in Europe would depend on the "right choice of participating countries". He explicitly rejected the myth that all EC nations could proceed together to union.

The Bundesbank's Darwinian approach to Emu has become more pronounced since September. During the weekend of September 12 and 13 Mr Schlesinger had rallied his colleagues in the Bundesbank central council to agree to a ¼ percentage point drop in Germany's Lombard rate, plus ½ point cuts in its discount and money market rates, in support of the 7 per cent lira devaluation.

When the Spanish peseta and Portuguese escudo were devalued by 6 per cent on November 22, by contrast, the Bundesbank set its face against compromising its strict anti-inflationary monetary policy any further. It made no move to cut interest rates.

The tough line has continued. On December 1, in a speech at Cologne university, Mr Schlesinger sharply criticised those who sought to put Germany under moral pressure to ease its monetary policy while it was still struggling to bring its inflation problem under control.

The Bundesbank president has also attacked aspects of the ERM's operations, notably the obligation on strong currency countries to provide unlimited support for weak currencies at their lower intervention points. Such intervention, he said, encouraged speculation.

Mr Schlesinger's remarks have created the impression that the Bundesbank is hostile to the ERM. The truth is more subtle. The Bundesbank aim is to move forward by way of the past: it wants the ERM to revert to the original concept of fixed but adjustable parities, instead of the quasi-fixed exchange rate system that evolved between the last significant realignment in January 1987 and the tensions of this year.

An important element of the Bundesbank's strategy is to breathe new life into the so-called Basle-Nyborg agreement of autumn 1987, in which EC central bankers and finance ministers revised the rules of the ERM for dealing with currency crises.

That agreement decided that currency weakness should be tackled at first by intervention which should be "intra-marginal" or above the level at which central banks are obliged to support weak currencies in the ERM. This has the effect under EMS rules of placing the risk of losses from intervention with the central bank of the weak currency country. If selling pressure continued, the country with a weak currency should raise interest rates. The third step would be a realignment of EMS parities that, ideally, would be timely enough to avoid a currency crisis.

These principles have underpinned the Bundesbank's approach to the ERM since September. They have support in the ERM's hard currency "core" countries, which have staked their whole credibility in economic policy on keeping their currencies in line with the D-Mark.

So far the core nations have been successful in this effort, in spite of the continuing strains in the system. Indeed, monetary officials interviewed recently in several continental countries appeared quietly confident that Germany, France, the Benelux countries and most probably Ireland and Denmark would soon be able to form a bloc in which parities stay unchanged. These could be joined by Austria, which has religiously linked its currency to the D-Mark for many years in spite of not being a member of the EC.

That the Bundesbank is now setting the agenda for Europe's monetary future shows how far this autumn's troubles have destroyed the assumption that the EMS could function smoothly as a "glide path" for monetary union in Europe. The ERM acts as the first phase of the three-phase Maastricht plan to create a single European currency, monetary policy and central bank by 1999 at the latest.

But as the Bundesbank's influence has grown, so have the doubts. Developments since Black Wednesday suggest that even the core countries of the ERM may have difficulties in future living with the D-mark as Europe's anchor currency. And that possibility has serious implications for the Community's whole effort to move from the EMS to economic and monetary union.

The EMS was conceived by then West German Chancellor Helmut Schmidt and French President Valéry Giscard d'Estaing as an antidote to the currency instability and dollar weakness of the late 1970s. At its heart is the ERM, a grid of exchange rate parities for EC member states, which limits the movement of most against each other to 2.25 per cent either side of agreed bilateral central rates.

Since the system started operating with eight currencies (the D-Mark, French franc, the Dutch guilder, the Belgian and Luxembourg francs, the Danish krone, Irish punt and Italian lira) in March 1979, its most important exchange rate relationship has been between the French franc and D-Mark. This was accentuated by the special arrangement for the Italian lira to fluctuate up to six per cent either side of its central rates until January 1990 and the UK's decision to stay out of the ERM until October 1990.

Initially, the EMS was linked only tenuously to the idea of European union. Its objective was the more modest one of creating a "zone of monetary stability in Europe" and it took several years – until 1983 – before it began to fulfil this role.

It is not surprising that the Bundesbank wants to recapture the spirit of the system's most successful period between 1983 and 1987. The Bundesbank called the shots in the ERM for most of the 1980s. Although those years were marked by occasional convulsions on currency markets and the odd acrimonious realignment, they were also a period of steady economic growth and convergence to lower inflation among the ERM member states.

After 1987, however, the environment in which the ERM operates changed in several ways:

● In the summer of 1988, EC leaders decided in Hanover to push ahead for economic and monetary union. It was then, according to one long-serving senior monetary official, that the system was "hijacked" and those officials who voiced scepticism about the goal of Emu were subjected to "intellectual terrorism" by supporters of union grouped around Mr Jacques Delors, the EC Commission president.

● The ERM itself became a club that others wanted to join. The Euro-pessimism of the early 1980s gave way to Euro-phoria. The success of the ERM countries in achieving steady growth and, more especially, low inflation prompted Spain to join in June 1989, followed by Britain in October 1990 and Portugal in April this year.

● The world was changing beyond the boundaries of the European Community. The collapse of communism and the breaching of the Berlin Wall in November 1989 paved the way for German union and the eventual emergence of inflation as a problem for the D-Mark, the ERM's anchor currency.

● The potential for instability in the system was greatly increased by the dismantling of exchange controls in the EC in line with the Community's programme for creating a barrier-free internal market by the end of 1992.

By January this year, finance ministers and central bankers throughout the EC were quietly congratulating themselves on five years of ERM tranquillity. "But there was an element of discomfort in those celebrations," recalls one senior monetary official. "If you looked at all the indicators, there was one group of countries (the original members minus Italy) which stayed close to each other and another group (the newcomers with Italy) that was diverging significantly in a lasting way."

At the time, however, the financial markets ignored such discordant developments as Germany's rising interest rates, Britain's continuing recession, and Italy's ever-increasing debt burden. They remained mesmerised by the drive towards Emu that reached its peak at last December's Maastricht summit. There, EC heads of government had settled on a treaty envisaging the creation of Emu by 1997 at the earliest and certainly no later than 1999. In consequence, the ERM had for some time been operating in a perverse fashion, with high inflation currencies, such as the Spanish peseta, emerging as the strongest in the system because they were supported by high interest rates and a belief that parities would not change.

The currency crisis need not have been so grave. Between the Danish vote and Black Wednesday, political prestige and individual and institutional failures at all levels among EC member states exacerbated monetary strains

It took the narrow Danish vote against Maastricht in the June 2 referendum to shatter this uneasy equilibrium. In spite of a pro-Maastricht vote in the Irish referendum a few weeks later, pressure began to build against the existing currency relationships in the ERM.

It all came to a head in the September currency crisis, compounded by political conflict and institutional and individual failures at all levels among the EC member states.

It has become increasingly clear in the intervening weeks that Black Wednesday was not just a debacle for the UK and Italy: the ejection of sterling and the lira exposed a structural problem at the heart of the EMS. John Major, the British prime minister, was mocked elsewhere in Europe when he suggested at the time that the Community should seek to correct "fault lines" in the ERM. Now monetary officials are no longer so willing to suggest that the UK and Italy were themselves largely to blame.

To be sure, both Italy and the UK had their weaknesses. Italy was losing the battle to bring its bloated state deficits under control and was losing competiveness against its EC trading partners.

Some continental officials, including Mr Schlesinger, thought that Britain had a competitiveness problem that was highlighted by its continued large current account deficit in a recession; they reckoned it had entered the ERM at too ambitious a parity of DM2.95. Others believed that Britain failed to anticipate the extent to which markets would test sterling in the system.

This fear was alive even before the UK joined the ERM. In 1989 André Szasz, executive director of the Nederlandsche Bank, the Dutch central bank, warned that Britain "should be prepared – at least in the short run – to give priority to the exchange rate objective" after ERM entry, implying the need to raise interest rates even at times when this would be politically unpopular and, in domestic terms, economically unjustified.

In August, the UK's failure to follow this advice helped prepare the ground for sterling's eventual exit from the ERM. Although the pound had weakened – passing at one point through the level that was supposed to trigger efforts to defend the currency – Norman Lamont, the chancellor, refused to raise interest rates. Indeed, in early August the government cut the returns on its National Savings products to head off a rise in mortgage rates by UK building societies, effectively telling financial markets that the UK could not afford a politically damaging rise in bank base rates from 10 per cent when the country was deep in recession.

Black Wednesday may have been climactic, but it was far from marking the end of the EMS's troubles. Since September 16, the doubts about the system's continuing viability – let alone the prospect of its paving the way for Emu – have stubbornly refused to go away.

The first warning sign was the intense speculative attack on the French franc in September following the *petit oui* in favour of the Maastricht Treaty in the September 20 referendum. In spite of sound economic fundamentals, such as low inflation, stronger growth and healthier government finances than those of Germany, the Bundesbank and Bank of France had to buy FFr160bn in concerted intervention before the speculative wave subsided.

That victory had required strong verbal support for the franc from the German and French finance ministries and the two countries' central banks. It is also thought that the Bundesbank provided a generous swap line to the French central bank. Once the dust settled, the Bank of France had made an estimated FFr1.2bn in profit at the speculators' expense. But victory was not without its costs. It had entailed a temporary, but disruptive, increase in French interest rates and spelled further problems for the system.

The French franc was again under pressure last month after the 6 per cent devaluations of the Spanish peseta and Portuguese escudo on November 22. ERM central banks have also been obliged to support the Irish punt and Danish krone on a large scale. The Belgian National Bank, for example, had to buy $1bn worth of Irish pounds in three hours one recent Friday morning.

At various times in the past three months, Ireland, Denmark, Sweden and Norway have been forced to push interest rates to usurious levels in the hope of maintaining their parities. These moves have had only limited success. Norway was forced on Thursday to float its krone, rather than lose all its currency reserves in a vain struggle to keep the currency pegged to the Ecu, the weighted basket of EC currencies that some hope will develop into a money for Europe. "It became too hard to fight," said central bank director Leif Eide.

Three weeks before, Sweden abandoned its attempt to keep the krona tied to the ERM after a huge outflow of capital from the country. The setback experienced by Carl Bildt, the prime minister, was, if anything, greater than that suffered by Mr Major on Black Wednesday. He was given just 10 minutes' notice of the move by central bank governor Bengt Dennis.

Sweden, like Britain two months earlier, was forced to float its currency because a fixed exchange rate policy was no longer compatible with domestic economic or political priorities. In Sweden's case, the final straw was the failure of the opposition Social Democratic party to back government public spending cuts in support of the krona. In Britain, the crucial moment had come at 11am on Black Wednesday when Mr Lamont raised bank base rates to a politically unacceptable and economically untenable 12 per cent only to be met with continued selling of sterling.

But it is the link between the French franc and the D-mark – under pressure again yesterday, with the Bundesbank having to support the franc in the currency markets – that remains crucial to the survival of the ERM. If the franc were forced to devalue it would be more than a savage blow to the political prestige of President Mitterrand and his prime minister Pierre Bérégovoy, who has made the *franc fort* the centre of his economic policy. It would demonstrate that the ERM was operating perversely by creating the conditions for the depreciation of a currency – the franc – which in terms of economic fundamentals deserves to be stronger than the D-Mark.

So far the core countries of the ERM have stayed loyal to the D-Mark with senior officials confident that Germany will in time overcome its problems of relatively high inflation and deficit financing in eastern Germany. It is unlikely, however, that the system could survive a franc devaluation. It would also be seriously weakened by the forced devaluation of either the Danish krone or Irish punt.

The ERM faces a tense three months ahead of France's national assembly election in March. So far bipartisan support for the *franc fort* policy has held remarkably firm, in spite of economic slowdown in France and 3m unemployed. But that united front may be cracking. This week Alain Madelin, a senior member of ex-President Giscard d'Estaing's centrist UDF party, said France should sever the franc's ties to the mark because of Germany's economic problems. Little wonder that senior French monetary officials would like to take the franc out of the firing line by moving rapidly to Emu.

This desire does not necessarily conflict with the Bundesbank's agenda, calling for Emu on condition that Maastricht's strict economic convergence conditions are met. One way of reconciling their viewpoints would be for the core countries of the ERM to forge ever closer ties – culminating, perhaps, in a *de facto* monetary union among themselves. In that case, the secret meeting in the Bundesbank three months ago that triggered the ERM crisis would also have prepared the ground for a Europe moving at two speeds, or more.

Additional reporting by Lionel Barber in Brussels, Quentin Peel in Bonn, David Marsh in London, Robert Graham in Rome and William Dawkins in Paris

John Major and Norman Lamont: Major was mocked elsewhere in Europe when he suggested, with Lamont's agreement, after Black Wednesday that the Community should seek to correct ERM "fault lines". Now, there is an increasing realisation among monetary officials that the mechanism does have problems

We're all in it together, Major tells EC leaders

Philip Stephens on the British premier's handling of the summit, where he won unexpected praise from the French

THERE was one simple premise underlying Mr John Major's handling of the summit yesterday: the price of failure for Europe would be as great as, if not greater than, it would be for Britain.

Put another way, he needed a successful outcome to cope with the deep ambivalence within the Conservative party over Britain's place in Europe. But his continental partners needed the same success to re-establish their own confidence in the direction for the Community set at Maastricht. By last night the signs were that the message had been absorbed by most if not all of the EC leaders in Edinburgh.

The prime minister cast himself as the honest broker, committed to putting the community of interest above the differences dividing fellow heads of state. The strategy was only partially successful. Mr Jacques Delors did not disguise his irritation with the minimalist British approach to the expansion of the Community budget. Germany was joined by Spain, Portugal and a number of other countries in demanding that Mr Major set a mid-1993 deadline for British ratification of Maastricht. He could not.

But if the events of the past few months have indeed left Britain, along with Denmark, pulled along precariously on the Community's coat-tails, Mr Major was adept enough in Edinburgh to hide the reality. Around the national briefing rooms in the press centre there were few of the familiar charges that Britain had once again found itself on the wrong side of an 11 to 1 split. Even talk of a 10 to 2 division tended to be *sotto voce*.

To the delight of British officials Mr Major found himself the beneficiary of a inexplicable charm offensive by President François Mitterrand. First Mr Mitterrand broke the habit of a lifetime and arrived early at the summit to have dinner with his host. Then he spoke kindly of a British prime minister.

French ministers have spent weeks pouring scorn on Britain's handling of the presidency.

Mr Mitterrand – perhaps because French views on Denmark, the budget and enlargement have more in common with London's than he would care to admit – has now told the same ministers to substitute praise for insults. He led the way, describing the UK compromise on the Danish question as subtle and skilful.

Chancellor Helmut Kohl voiced serious reservations on the formula for Denmark. But in return for Mr Major's private assurance that a successful summit would pave the way for the return of the Maastricht bill to the House of Commons early in the New Year, he seemed disinclined to stand in the way of an agreement. The prime minister has been at pains to make it clear to his counterparts that eventual ratification at Westminster lies in their hands at much as his. The harder they make life for him, the harder he will find it to defeat the Tory Euro-sceptics.

So for all the ritual hand-wringing yesterday by Mr Tristan Garel-Jones, the Foreign Office minister responsible for Europe, and the real anger of Spain over the budget proposals, the prime minister appeared convinced that a deal could be struck before the summit winds up later today. His threat to keep the leaders in Holyrood Palace throughout the afternoon and evening should help to concentrate minds on agreeent.

Britain's argument that it was time for the Community to resolve its internal squabbles carried more force than hitherto. Traditionally, the British case for a more outward-looking Community has provoked the justifiable suspicion that it was seeking merely to obstruct closer integration.

With Russia on the verge of another coup, the conflict in Bosnia theatening to engulf the Balkans and a new president about to enter the White House, the case for looking outwards rather than inwards is compelling. So too is the threat from the financial markets – underlined again yesterday – that continued paralysis in the Community will be a useful excuse to renew their onslaught on the European exchange rate mechanism.

There is thus an attractive logic to Mr Major's view that those in the vanguard of European integration share for the moment a coincidence of interest with those in the rear. The events of the past few months have halted the conveyor belt to federalism. European governments have been left groping for an alternative.

But there is also an important caveat. If Edinburgh does produce something that can be hailed as a success Mr Major cannot delay indefinitely. His partners will have offered him a breathing space to catch up. But no one in Edinburgh was in any doubt yesterday that the rest of Europe will not wait forever – for Denmark or for Britain.

Ministers to draw up growth package

By Peter Norman

EUROPEAN Community leaders yesterday authorised their economics and finance ministers to prepare a growth initiative for the EC amid growing concern about rising unemployment in the 12 member states.

British officials reported that a meeting of finance ministers attending the Edinburgh summit took a bleak view of the EC's economic prospects next year. No one was bullish, while most ministers expected a slowdown and some a drift into recession.

Against this grim background, the ministers studied ways of injecting more growth into the Community economy. Talks focused on diverting public spending to capital projects at the national level.

At the Community level, they began discussions on EC Commission proposals to increase lending by the European Investment Bank and possible creation of a European Investment Fund to guarantee investments in infrastructure and small and medium-sized businesses.

The commission has proposed a boost of about Ecu5bn (£3.9bn) to EIB lending within the EC and an investment fund with a subscribed capital of Ecu2bn that could guarantee projects with a value of up to Ecu6bn.

Ministers expressed what one official called a "fair degree of concern" about Europe's worsening employment prospects. The Paris-based Organisation for Economic Co-operation and Development recently forecast that unemployment in its European member states (which include non-EC as well as EC nations) would average 10.4 per cent of the labour force next year against expectations six months ago of a 9.3 per cent average jobless rate next year.

But the ministers are in a difficult position to combat unemployment through fiscal policy. They agreed there was little room for manoeuvre to increase public spending. Mr Norman Lamont, the chancellor, outlined Britain's recent Autumn Statement strategy of giving priority to capital spending over current expenditure in departmental spending plans for the coming financial year.

A number of ministers urged policies to restrain public sector wages with some calling for wage restraint in the private sector. All ministers stressed the importance of controlling inflation, underlining that this was the key to their economies meeting the strict economic convergence criteria needed for economic and monetary union under the Maastricht Treaty.

Greece blocks Macedonia deal

By Robert Mauthner

EUROPEAN Community foreign ministers yesterday failed to agree on the recognition of the former Yugoslav republic of Macedonia, after Greece had refused to accept such a move as long as the country used the name Macedonia.

Following what the Greek foreign minister, Mr Mihalis Papaconstantinou, described as "very long and very cruel" discussions, the ministers decided to refer the problem to their heads of government, meeting in Edinburgh for a two-day European summit which is due to end tonight.

Greece has long argued that, if the former Yugoslav republic wins international recognition under the name Macedonia, it is likely to provoke territorial claims by militant nationalists in that ethnically diverse country on the northern Greek province of the same name.

Compromise proposals by a special EC presidency envoy, Mr Robin O'Neill, a former British ambassador to Belgium, which would incorporate the name Macedonia in a distinctive designation such as the Macedonian republic of Skopje (its capital) or the Republic of Northern Macedonia have also been rejected by the Greeks.

In a letter to Mr John Major, the British prime minister and current EC president, Mr Constantine Mitsotakis, Greek premier, reminded Community leaders that, in their Lisbon declaration of June this year, they had specifically undertaken to recognise the former Yugoslav republic only under a name which did not include the term Macedonia.

On the basis of that declaration, Mr Mitsotakis added, the Greek government had undertaken "a series of positive initiatives" towards Skopje, "in order to help lessen tensions and build confidence between us". These included not only offers of economic assistance but a clear guarantee of its territorial integrity.

"It is crucial, therefore, that we demonstrate that we mean what we say by reaffirming the Lisbon decision here in Edinburgh," Mr Mitsotakis said, adding that this was all the more important since Mr Bill Clinton, the US president-elect had "unequivocally declared" support for the Lisbon declaration.

Greek opposition to the recognition of Macedonia has caused increasing irritation among governments of other member countries, particularly since Greece has been contributing to the economic difficulties of the republic by holding back oil deliveries for which Macedonia has already paid.

That irritation has been compounded by evidence made public by the Spanish European commissioner for Mediterranean affairs, Mr Abel Matutes, that Greek companies were systematically breaking the United Nations trade embargo against Serbia. While withholding deliveries to Macedonia, they were sending thousands of tonnes of oil to other parts of the former Yugoslavia.

Even if the EC leaders fail to find a solution to the problem of recognition, the UK presidency hopes it can persuade its partners to accept an interim solution under which Macedonia would become a member of the International Monetary Fund and thus be able to benefit from international financial aid.

John Major guides Italian prime minister Giuliano Amato on his arrival at Holyrood Palace yesterday for the Edinburgh summit

Single word that can save Denmark's bacon

By Lionel Barber

DENMARK yesterday received a blunt warning from its EC partners about the risks of delay in ratifying the Maastricht treaty.

During the opening session at the Edinburgh summit, Germany, Spain and others made clear that if the Twelve could not agree on Denmark's demands for legally-binding opt-outs on Maastricht, the others would press ahead regardless.

Despite the tough talk, all parties expressed hope that a deal on the Danish question could be reached today when the UK presidency presents a third revised draft. "A lot of this argument is inevitable theatre," commented a British official, who also noted a more accommodating French attitude.

The chief difficulty facing the Twelve is how to wrap Danish demands for opt-outs on a common European currency, common defence policy, EC citizenship and common justice and immigration policies in a quasi-treaty form.

Danish prime minister Poul Schlüter warned yesterday that the text must be strong enough to sway voters in a second referendum on Maastricht next April or May; if not, there would be no treaty.

Danish voters would approve the Maastricht treaty by a comfortable majority in a second referendum, according to an opinion poll yesterday, writes Hilary Barnes in Copenhagen.

The poll showed 51 per cent would be in favour with 37 per cent against and 12 per cent undecided if the government reached a settlement with its Community partners along the lines of the Danish compromise proposal.

The Yes vote rises to 61 per cent if the left-wing Social People's party backs an Edinburgh settlement.

Mr Poul Schlüter, Denmark's prime minister, has said Denmark would have to leave the EC if the treaty was defeated in a second referendum.

The UK, working closely with top lawyers in Brussels, has suggested that EC leaders take a "decision". Although a "decision" would have the force of international law, it would not amount to renegotiation of the treaty or require re-ratification of Maastricht, Mr Jean-Claude Piris, head of the European Council's legal service told EC leaders.

Spain, Germany, Italy, and Portugal all expressed doubts about the word "decision", offering weaker alternatives such as a "resolution" or a "declaration" which they said would not have to be presented to their national parliaments.

German Chancellor Helmut Kohl's complaints were unexpected, but may have been intended to show the purists such as Prime Minister Felipe González of Spain that he was no pushover.

After the opening session, Mr Dieter Vogel, chief German spokesman, said pointedly that he could not imagine that the Danish question "would founder on one word".

But several members expressed irritation when Mr Schlüter presented a more expansive demand for exemption from a common EC defence policy set out in the Maastricht treaty.

Another potential difficulty concerns Danish demands for an agreement which is limitless in time. Luxembourg officials said this risked prejudging the planned review of Maastricht at a conference in 1996, where intergovernmental co-operation on justice and immigration might become a Community matter.

On a harsh interpretation, the Danes could be accused of holding back the development of the EC, which is why a senior Brussels official said the Danish question "all comes down to presentation – and political mood".

Fishermen stage protest

By James Buxton

FISHERMEN marched through Edinburgh yesterday to demonstrate their anger at the EC common fisheries policy and at the UK government's policy towards the fishing industry.

Fishermen say quotas imposed under the common fisheries policy are too tight and deprive fishermen of income, or "criminalise" them by obliging them to sell illegally caught fish on the black market.

In recent weeks Scottish boats have had to tie up in port after exhausting their quotas of haddock, while French and Spanish boats have landed legitimately caught fish in Scottish ports.

The fishermen are also angry at the government's Seafish Conservation Bill, which was approved by the House of Commons this week. They believe the £25m it provides for decommissioning surplus boats is too little and the tie-up provisions are too draconian.

Mr Elliot Morley, MP, Labour's fisheries spokesman, said the government's measures were "too little, too late".

Instead of sensible and effective conservation measures, "what we are getting is an inappropriate market approach that results in decommissioning by bankruptcy."

He said: "The one thing this government has done for the fishing industry is to unite it."

Mr Alex Salmond, leader of the Scottish National Party, warned the government that the campaign against its fisheries policy would continue "until justice is achieved for fishing communities.

"People are rallying behind our fishermen in the same way they rallied behind the mining communities. We have the initiative and there is no mood to let it slip."

Police said about 3,500 fishermen took part in the march, which began within sight of Holyrood Palace, where the EC heads of government were meeting, and ended with a rally.

Organisers called it the biggest ever protest by British fishermen.

Meanwhile 1,200 ex-servicemen, clan chieftains and politicians demonstrated at Edinburgh Castle in protest at government plans to merge four Scottish regiments into two. The Keep our Scottish Battalions Campaign argues that the regimental cuts are excessive and are inappropriate for Scotland, which is one of the army's best recruiting areas.

SUMMIT DIARY

Stag tale gains European currency

By David Gardner and Robert Mauthner

JOHN MAJOR managed to start the summit with an auspicious anecdote on its imposing venue, Holyrood Palace.

It was founded, quoth he, by David the First in 1128, after he had been attacked by an "enraged stag" in the nearby park, on the feast of the exaltation of the cross. Legend has it that he was saved by the providential appearance of a cross between the stag's antlers.

But Mr Major was able to reveal that the story had actually been filched from another legend, concerning St Hubert, the eighth-century Bishop of – yes, you guessed it – Maastricht.

It remains to be seen whether this historical link between a British institution and the Dutch city will trump a later one.

Guy Fawkes, the only man ever to enter the Houses of Parliament with honourable intentions as the refrain goes, is also said to have been resident in Maastricht some 10 years before he conceived his incendiary plot.

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President François Mitterrand is also legendary, particularly for turning up at summits late and last, to underline his grandeur as sole head of state in the EC's heads of government club.

Not this time, since he had an eve-of-summit dinner appointment with Mr Major. This, UK and French officials said, went very well, but Mr Albert Reynolds, Ireland's prime minister, may be regretting Mr Mitterrand's punctuality, as well as wondering what time the dinner ended.

For at 4.10am yesterday, Mr Reynolds had to leap out of his bed, being rained on from an overflowing bath in the room above – Mr Mitterrand's.

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The citizens of Edinburgh have been treated to a bewildering display of Euro-demonstrations – quite apart from the more familiar Scottish National Party rally planned for midday today.

A hundred Greek mayors filing behind a banner proclaiming "Alexander the Great was Greek not Slav" did not appear to have any obvious relation to the sort of nationalism Scots are used to. It was but one of a swirl of protests across the city by Greeks against recognition of the former Yugoslav republic of Macedonia by that name.

This was in Prince's Street. Across on Carlton Hill, the GMB trade union was organising a procession of 11 horses and a mule – to highlight Mr Major's government's stubborn, two-speed opting out of the EC's Social Charter.

The pro-Europeans weren't having it all their own way, however. In Frederick Street, the Consumers' Association opened a "Delors Deli", displaying food with two price tags, one with the real cost to the consumer as a result of the Common Agricultural Policy, the other at cheaper world prices.

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The Royal Bank of Scotland, one of the three Scottish note issuing banks, was doing a roaring trade in its commemorative issue of Euro-Scottish pound notes.

The bank, which has printed 2m of the special bits of paper, came up with the ultimate Euro-gift for the 13 main summit participants (including Jacques Delors): paperweights made up of notes with the numbers 1992001 up to 1992013. It is also selling 50,000 "collectors' packs" at £3 a time. The bank dislikes the description "gimmick", preferring to call the promotion "unusual but appropriate".

Budget row threatens to undermine summit objectives

By David Gardner

THE EC's north-south divide over a budget for the future financing of the Community was last night threatening to poison efforts to get the Maastricht treaty back on the rails, and start the process of opening up the EC to new members.

It was feared the clash over money would result in the downgrading of other Maastricht objectives – from beefed up research and development to the common foreign and security policy – if large fiscal transfers to the EC weaker economies had to come out of a restricted budget.

Ratification of the treaty, and agreement on the Delors II finance package, are the two conditions the 12 set at the Lisbon summit for opening negotiations with new applicants to the EC. The poorer countries are likely to insist the EC sticks to these conditions.

They are the negotiating aces for Spain, Portugal, Ireland and Greece who are insisting on a doubling of EC development aid. Both Mr Felipe Gonzalez, the Spanish prime minister, and Mr Anibal Cavaco Silva, the Portuguese premier, said yesterday they wanted a significantly improved finance package, and clear dates from Denmark and the UK on when they will ratify the treaty. These were their conditions for starting "informal" negotiations on enlargement.

The four poorer countries led by Spain are rejecting the UK presidency's latest financing proposals. These would raise the annual EC budget from Ecu66.8bn (£54bn) this year to Ecu80.3bn by 1999, in today's money. Commission president Jacques Delors' own compromise, scaling back sharply his initial ambitions, is an increase to Ecu86.2bn in 1999. Under the British plan, total regional and development funding would rise from Ecu18.6bn now, to Ecu26.8bn in 1999, as against the Commission target of Ecu30.2bn.

"The proposal of the presidency at this moment is not enough," said Mr Javier Solana, Spain's foreign minister. "With that proposal we cannot meet the obligations of the treaty."

But the drive for "cohesion" – meaning increased budget transfers from the north and centre of the Community to the south and periphery – could have as its price the sacrifice of common policies for the EC as a whole, in areas like transport, the environment, research, and pan-European infrastructure.

If, as optimistic Irish and German officials reckoned yesterday, a "split-the-difference" compromise is reached tonight, there will not be much money left over. This is Mr Delors' particular anguish.

He pointed out in a letter to EC leaders that whereas funding to the cohesion countries reaches 90m people, a further 130m Europeans are served by structural funds – aid for industrially stricken areas, training the long-term and young unemployed, and rural development.

With the US and Japan stepping up their already much larger research effort, the Commission president said his compromise plan to increase EC research spending by an average 4.4 per cent a year had been whittled down in the UK figures to a mere 0.5 per cent a year (Mr Delors' original proposal was for an annual increase of 11.5 per cent).

Helping to stimulate jobs and helping people whose jobs are at risk through restructuring is, in the Delors view, part of the essence of a Europe constructed for its citizens.

"You can't continue with the Community in the form it was relaunched in from 1985 with these figures on the table. It's not a question of the Commission having some expensive plaything," Mr Delors told journalists on the eve of the summit. "It's a question of enabling each citizen to see what the Community is about, a question of principle."

"There won't be any common policies left to bring closer to the people," said one Irish official, alluding to the EC's "subsidiarity" pledge to make Community decision-making more decentralised and open.

Apart from the unyielding demands of the south, there is little or no room to claw back money from the foreign or farm budgets. Increasing external funding is one of the few areas of agreement; foreign policy "is everybody's hobby," a German official said yesterday. And France is certain to demand an increase in farm spending, as compensation for not pressing its hostility to last month's farm trade deal with the US.

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Advertising curbs put skids on grand prix

By William Dawkins in Paris

A SENIOR Socialist yesterday launched an 11th-hour bid to save next year's French grand prix, after the organisers struck it off the calendar for the first time in 37 years because of stringent curbs on tobacco advertising.

Mr Michel Charasse, a cigar-smoking former budget minister and now a member of the Senate, the French parliament's upper house, has proposed amending a law against tobacco advertising on television, to allow cars to carry sponsorship stickers.

If the senate adopts Mr Charasse's amendment, due for debate next week, it will go on to the National Assembly, which must also give its accord. Tobacco sponsorship is worth an estimated FFr500m (£61m) a year to French motor racing.

He was stirred into action by the previous day's decision by Fisa, the world motor racing federation, to shelve the French grand prix, after courts imposed heavy fines on Renault and the Williams grand prix team for breaking the law. TF1, France's leading television station, also faces court action. To rub salt into the wound, Fisa said the French grand prix could be held elsewhere in Europe. The race was to be held near Nevers, where the mayor happens to be Mr Pierre Bérégovoy, the prime minister.

Formula One is not the only event to suffer. Competitors in next January's Paris-Dakar rally are down 50 per cent and the motorcycling grand prix is under threat.

Lombard League hopes to clean up in local polls

With many established politicians accused of corruption, northern Italy's regional party is gaining, writes **Robert Graham**

VARESE, with its neatly parked cars, pedestrian zones, clean streets, expensive shops and hard-working people, epitomises the numerous provincial towns in the northern industrial belt around Milan that have become seriously rich in the past 30 years.

As the Christmas decorations go up and the first snows fall, there is little to suggest these solid citizens are protagonists of epoch-making municipal elections. But when it votes tomorrow and on Monday, Varese could become the first city to elect a mayor of the populist Lombard League, the political movement sweeping all before it in northern Italy.

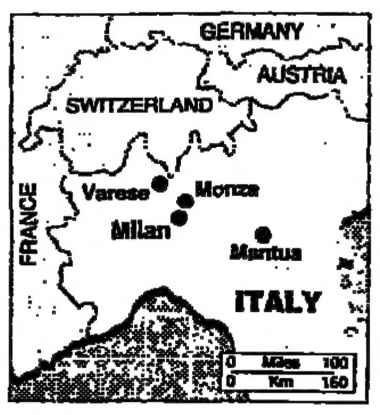
"What happens here will have repercussions throughout northern Italy," says Mr Roberto Maroni, deputy head of the League parliamentary group and one of the organisers of the Varese campaign. "If we have a strong showing, all the other municipal administrations in the north where the traditional parties have lost their credibility will be under threat and risk early elections."

The vote – which also takes place in the nearby town of Monza and more than 50 others throughout Italy – is the first serious electoral test of the political parties since the April general election. It will determine not only how far the long-ruling Christian Democrats and Socialists have lost support but also indicate the extent of the growing political divide between north and south.

The League needs a good showing in Varese, the home town of Mr Umberto Bossi, the movement's leader. Polls suggest it could win well over 35 per cent of the vote, compared with 20 per cent in 1990 municipal elections and 27 per cent in April. Varese, with a population of 88,000, is feeling the political earthquake that has hit the north in the past year as a result of investigations into municipal corruption by zealous magistrates. "The entire leadership of the Christian Democrats and Socialists have been wiped out by the corruption scandal," says Mr Roberto Maroni, deputy head of the League parliamentary group.

Since June no fewer than 40 party officials – all but two from the Christian Democrats and Socialists – have been arrested or are under investigation on suspected corruption charges. Of the eight parliamentary representatives elected in April, only the four League members are not under investigation for alleged corruption. Those arrested include two former mayors.

The decapitation of the ruling élite, which also extends to



former members of the communist party reformed into the Party of the Democratic Left (PDS), makes it easy to see why the League has become so popular.

"Our support is from the small and medium-sized industrialists, not big business, from artisans and especially among the young. We are getting votes from across the political spectrum as well as from people who have previously been apolitical," says Mr Maroni.

While the Christian Democrats and Socialists have been struggling to find candidates and rebuild demoralised organisations with much reduced funds, the League has prepared a 21-page programme of action.

If Mr Guiseppe Leone, a 47-year-old architect, close friend of Mr Bossi and a League founder, becomes mayor, he plans radical overhaul of the administration. This would include creation of a "citizen manager" to oversee the administration.

"At present our annual budget of L160bn (£73m) is eaten up 80 per cent by current expenditure," says Mr Maroni. To raise money, the League aims to privatise local transport, gas and water supplies and sell off municipally owned assets such as a milk plant.

Control of those authorities and their patronage in jobs and contracts has been the source of the traditional parties' power. It also explains why in Varese, as in other towns throughout Italy, the politicians have always concentrated far more on manipulating power at a local rather than a national level.

Not everyone is happy about the League's ascendancy. The Industrialists' Union distrusts the virulent tone of the League's diatribes against "the robbers of Rome" and its threat to separate the north from the rest of Italy.

The left sees dangerous neo-fascist tendencies in the League's contempt for southerners and undertones of racism in its desire to rid the town of non-EC immigrants. The church, always a pillar of the Christian Democrats, believes the League is too secular and materialistic.

Although combined opposition to the League is strong, it remains disparate. Nevertheless, when the League won a third of the vote in local elections in September in Mantua, every other party combined to prevent it taking power. As a result local government in Mantua is deadlocked and new elections will have to be held next year.

"The Mantua experience won't be repeated here," says Mr Maroni. "The political parties weren't ready for Mantua: they were still digesting their drubbing in the April general elections. Here we believe we can form an administration, probably with the PDS."

The PDS might seem odd bedfellows but the left-wing party is anxious to take advantage of the disarray of its traditional rivals and retain its influence in northern municipal affairs. Mr Maroni is convinced that if such an alliance occurs, it could be repeated elsewhere, particularly in Milan.

Freedom urged for central banks

By Christopher Parkes in Frankfurt

PROGRESS towards European monetary union will be slowed if all 12 central banks are not freed from political ties as soon as possible, Mr Helmut Schlesinger, the Bundesbank president, said yesterday.

Any further delay will also cast into doubt some governments' declared ambitions for Emu, he said in a speech in Bangkok. He reminded those governments still to cede full control to their state banks, including the British and French, that independence had been promised for the future European central bank.

However, he suggested, such an institution needed time to develop the necessary reputation and credibility.

"It is desirable for all national central banks to be given full monetary policy autonomy as soon as possible, and not merely immediately before the transition to the third stage [of Emu, in 1999] when the establishment of the European Central Bank will also have been completed," he said.

Mr Schlesinger, who has recently sharpened his criticism of key elements in the Emu project and weaknesses in its structure, also reviewed his long-standing doubts about the timetable.

It was an open question, he said, if more than half the EC members – the necessary quota – would be able to meet the convergence criteria in time for stage two of Emu, due in 1997. At present only two or three countries met the requirements, and "Germany cannot be counted among them", although "Germany and some other countries may well be prepared" by 1996.

He also showed his unhappiness about obligatory interventions in foreign exchange markets laid down in the rules governing of the European exchange rate mechanism.

Mr Schlesinger, who recently described the intervention mechanism as an incentive to speculators, added yesterday that it impinged on central banks' independence.

"If the rules of such a system are applied appropriately, undue tensions need not occur.

"Exchange rate adjustments through realignments must be effected in good time and noiselessly," he said.

He blamed recent turbulence, which resulted in the withdrawal of sterling and the lira from the ERM, on the widely held belief "that we were living in a *de facto* European monetary union... which was not and is not yet the case".

Swiss try to keep options open on Euro integration

By Frances Williams in Geneva and Ian Rodger in Zurich

Bjorn Tore Godal, Norway's trade minister, opens the meeting.

SWITZERLAND'S economy minister, Mr Jean-Pascal Delamuraz, said yesterday his government would not withdraw its application to join the European Community. This is in spite of last Sunday's vote rejecting Swiss membership of the European Economic Area, which extends the EC's single market to members of the European Free Trade Association.

Mr Delamuraz, a fervent pro-European, said the government had a duty to keep Switzerland's options open, even though EC membership was not a question of next year or the year after. He was speaking after an Efta ministerial meeting he described as one of "shame" for Switzerland, a founder member.

The country renounced its turn to the rotating presidency for the next half-year, when the EEA will be the main focus of Efta activity, and was barred from taking part in the discussions on the EEA's future.

Ministers from the other six Efta countries urged rapid entry into force of the EEA, now delayed beyond its planned starting date of January 1993.

Their communiqué called for a diplomatic conference with the EC to be held in January to approve "technical adaptations" to the EEA accord, enabling it to enter into force "at the earliest possible date in the first half of 1993".

"We hope there will be no renegotiation of the EEA," said Mr Bjorn Tore Godal, Norway's trade minister, who chaired the two-day meeting.

The main stumbling block concerns the fund Efta members agreed to set up to aid poorer EC regions, worth Ecu2bn (£1.57bn) over five years, to which Switzerland was due to contribute 27 per cent. The remaining six – Austria, Finland, Iceland, Liechtenstein (which votes on the EEA tomorrow), Norway and Sweden – will ask the EC to accept a simple deduction of the Swiss contribution. But Spain has said other Efta members should make up the difference.

If Liechtenstein accepts the treaty, it will somehow have to square its EEA membership with its customs and currency union with Switzerland.

Other Europeans might worry that Liechtenstein would become Switzerland's furtive path for gaining EEA advantages without joining.

Normally, Liechtensteiners would follow the Swiss. But the reigning prince, Hans-Adam II, has campaigned hard for the EEA, even threatening to dissolve parliament in October if it would not schedule Liechtenstein's referendum before the Swiss one.

The prince now looks clever to have given way. The Swiss have been so torn by remorse since their rejection of the EEA that wavering Liechtensteiners may tip the result in favour.

Brussels takes embarrassed look at UK barriers to porn

By Andrew Hill in Brussels

WITH LESS than three weeks to go until the single European market is born, EC Commission officials are being obliged to take an interest in British pornography.

Brussels has received a number of inquiries from "small UK importers", questioning whether British customs authorities have the right to impound certain magazines and videos.

The importers say the pornography – mainly Dutch – is no worse than items made in Britain and sold as sex education videos and manuals in High Street newsagents and bookshops.

Brussels officials will have to decide whether the UK is discriminating against foreign pornography and whether the British authorities should be able to continue to control the import of videos, magazines and sex aids at the border after January 1.

If the importers' claim can be proved, then Britain is almost certainly breaking EC law.

So far there has been no formal complaint and no inquiry has been opened. What's more, the Commission has no objection to EC countries outlawing certain types of pornography on moral grounds, and certainly does not want to be cast as the arbiter of decency in such a case.

A much higher priority is being given to the question of border controls on pornography, which, like all frontier checks on goods, should disappear on January 1.

On Thursday, Britain will chair the final meeting of internal market ministers before declaring Europe open for business. One of the UK's priorities will be the abolition of systematic frontier controls on goods.

As one British official pointed out yesterday, "removal of border controls won't mean that Dutch porn can flood into the UK". Instead, checks will be based on intelligence information.

But, as Commission officials point out, if the checks are too heavy – and carried out exclusively at border crossings – Britain may find itself in front of the European Court for breaking single market rules on the free movement of goods.

Travel and tourism to account for 13% of consumer spending

By David Dodwell, World Trade Editor

THE travel and tourism industry is expected to contribute $3,500bn to the world economy in 1993 – a 20 per cent increase on its $2,900bn contribution in 1990, according to Wharton Econometric Forecasting in a study commissioned by the World Travel and Tourism Council.*

"The challenge for both governments and our industry is to lift our vision above today's economic trenches to the renewed growth, market dynamism and competitive opportunity beckoning on the horizon," said Mr James D Robinson III, Chairman of American Express and chairman of the World Travel & Tourism Council, in a comment on the study.

He called for policies to liberalise markets, improve infrastructure, and eliminate bureaucratic trading barriers, at the same time emphasising that the sector must expand "in harmony with the environment".

The study predicts that the industry will account for 127m jobs worldwide by next year. It will attract $422bn in investment (6.7 per cent of the expected world total) and will account for $2,000bn in consumer spending – perhaps 13 per cent of all consumer spending.

The importance of the sector is consistently underestimated, according to Wharton Econometrics, which shows in a survey of 20 countries that policymakers see it as the eighth most important economic contributor. Their study shows travel and tourism as the world's biggest in 1990, and likely to remain so into the 21st century.

Looking ahead to the year 2005, the study warns of increasing congestion in the air, increasing attention to environmental issues, and the emergence of ecotourism and rural tourism as new growth areas.

It predicts a real compound growth for the industry of 3.9 per cent, with its global economic contribution doubling to $9,673bn in nominal terms, and consumer spending on travel and tourism up to $5,800bn in nominal terms. A further 40m jobs will be created, lifting the world total to almost 170m.

Wharton Econometrics based its projections on methods proposed by the Organisation for Economic Cooperation and Development (OECD), the United Nations and the World Tourism Council (WTC).

* *Travel & Tourism, the WTTC Report, 1992. For copies, write to WTTC, Chaussée de La Hulpe 181, Box 10, 1170 Brussels, Belgium, or tel: Brussels 660 2067.*

Nato ready to back UN on Bosnia

By David White, Defence Correspondent in Brussels

MR Manfred Wörner, secretary-general of Nato, said yesterday he believed the alliance would agree to provide the necessary military means if the United Nations decided to intervene with force in the Bosnian conflict.

After a meeting of Nato defence ministers, he stressed that the UN should continue to take the lead and that Nato would support, but not replace it.

A Nato role in intervention would require consensus among all 16 allies, he said, adding: "My personal opinion is, if the UN did appeal to Nato, that we would not say No. I cannot envisage such an answer."

Nato military authorities were considering options for action in the former Yugoslavia but did not have concrete plans, Mr Wörner said.

He warned that limited military action such as the use of force against Serb helicopters and aircraft defying the ban on military flights would pose a "dilemma" for UN forces already in Bosnia.

"You would have to consider how to protect your troops, and maybe that would be the end of humanitarian action," he said.

Mr Dick Cheney, US defence secretary, expressed concern about "continued aggressive military operations" by Serb forces and interference with humanitarian relief missions, but gave no hint of any US plan to take part in direct military action.

It remained his view that the US should not commit large numbers of ground troops in former Yugoslavia, he said.

However, he said the US would be willing to consider proposals for deploying UN forces in Macedonia as a preventive measure.

"The notion of trying to head off conflicts might well make sense under certain circumstances," he said.

The meeting underscored the growing importance of Nato's new peacekeeping role in alliance planning. Ministers ordered work to be done on specific measures to improve peacekeeping capabilities.

At the same time, several allies – notably Belgium and the Netherlands – came under strong criticism for undermining Nato force plans by making larger-than-expected defence cuts.

● Embattled Sarajevo, weakened by the latest Serb onslaught, was hit hard by the first serious blast of winter yesterday, with temperatures hovering just above zero and without power or water, Reuter adds.

Two flights by the UN Protection Force, intended as a test of airport security ahead of the resumption of the UN airlift, were delayed by fog.

In Zagreb, a spokesman for the UN High Commissioner for Refugees said aid flights, halted for the past 11 days by the fighting and attacks on two relief planes, would restart on Tuesday at the earliest.

'City of death' becomes linchpin for aid

Julian Ozanne in Baidoa on Somalia's lost generation for whom aid efforts may prove 'too much too late'

LYING ON an operating table in a makeshift hospital in Baidoa, a one-year-old girl called Hadeja, screamed as an American doctor cleaned out an eye wound inflicted from a bomb-blast in the rubble-strewn town's central market.

Hadeja, who will be blind in her right eye, is one of the hundreds of thousands of the most tragic victims of Somalia's vicious internecine clan fighting – the lost generation of children under five.

She was among 20 child victims of an eruption of blood-feuding which has gripped the tense central Somali town in the past few days.

Baidoa, a ramshackle town north-west of the capital Mogadishu, is crammed with feeding centres and clinics in the heart of the most severely affected area of war-induced starvation. It is the US Marines' next objective in the biggest military and humanitarian intervention ever undertaken in Africa. It will become a linchpin of efforts to get food to an estimated 500,000-900,000 people cut off from a regular flow of food and medicine by fighting, looting and extortion.

Up to 70 people, mainly bystanders, have been killed in an orgy of looting and violence ahead of the arrival of US Marines into the so-called "City of Death". Many "technicals" – armed all-terrain vehicles – pulled back from Mogadishu by Gen Mohamed Farrar Aideed, Somalia's fiercest warlord, in the face of the US deployment have arrived in Baidoa for a final spree of pillage before foreign troops seek to restore order after two years of gun-law.

Terrorised aid workers in the town, who have been targets of looters and bandits, have fortified their compounds and pleaded for the US troops to go to Baidoa urgently to restore law and order.

Pairs of US Air Force F-14 "Tomcat" fighter jets flew over the town yesterday on reconnaissance missions, also aimed at letting bandits and gunmen know that US forces were on their way.

"We are disappointed that the Marines are not here yet," said Dr Michelin Richer, a pediatric medic with the US-based Charity International Medical Corps, which runs Baidoa's hospital. "It has been extremely difficult for us to work here because of the deteriorating security. As soon as they arrive we can stop working on emergency gunshot and bomb blast wounds and other trauma cases and start working on the real business of kids with medical diseases and malnutrition."

On a tour of the pediatric ward Dr Richer pointed to several other child casualties of the recent fighting including a girl who stepped on a mine and had to have her leg amputated, a six-year-old boy with a gunshot wound in his right lung and two brothers injured while playing with a grenade.

In a corner of the ward a four-year-old child lay helpless and silent, slipping hoplessly into death. Yesterday she weighed a mere 12 pounds, about a third of the average weight for a child of her age.

Pentagon sources said it might take Marines up to 10 days to reach Baidoa – a period aid workers in the city, where the death rate has stabilised at 20-30 a day, say is far too long. The town and its surrounding areas need 200-300 tonnes of food a day but at the moment, because of security, relief officials can only fly in 20-30 tonnes.

Aid workers with the international agency CARE have evacuated their women employees but refused to quit the town because of the risks of all their stores being looted. Instead they have piled sandbags and oil drums filled with water around their house and placed gunmen on the rooftop to deter bandits who have attacked their compound three times in the past six days and made off with $20,000.

"Each day the US Marines stay in Mogadishu and do not come to Baidoa they look weak and the gunmen get their confidence back and we become targets," Mr James Fennell, an official with CARE, said in Baidoa yesterday.

CARE has not brought any food to Baidoa from Mogadishu by road since an attack on one of its convoys last month on the outskirts of the town when a large number of vehicles were hijacked. But it will resume convoys as soon as the intervention force is in place.

If the Pentagon is right about the 10-day delay in reaching Baidoa, many aid workers in the difficult interior of the country will feel disappointed.

Already many believe the US operation is "too much too late". A recent report by the Atlanta-based Centre for Disease Control estimated that 70 per cent of children under five in the Baidoa area had already perished. Researchers even found too few children to interview for their survey.

In the meantime Baidoa's long-suffering civilians and the aid workers, wait anxiously for the first signs of US troops they hope will prove their saviours.

A Somali youth blows a bubble as he and others are held back by a US soldier at a checkpoint in downtown Mogadishu.

Dushanbe falls to 'old guard'

By Steve LeVine in Tashkent, Uzbekistan

POLITICIANS from Tajikistan's old Soviet hierarchy assumed power in the capital, Dushanbe, yesterday after irregular troops with armoured vehicles seized the government's main building.

The new parliamentary speaker, Mr Imamali Rakhmanov, entered Dushanbe after a week of fighting in and around the city, according to the deputy chief of Russian forces in Tajikistan.

Russian Colonel Anatoly Ivlev said Mr Rakhmanov, becoming head of state after the collapse of the Islamic-dominated coalition government, immediately began peace talks with his opponents.

The development could help stabilise the Central Asian republic of 5m people, where dozens of private militias have vied for power for months.

For now, Tajikistan's Islamic politicians, whose strength had risen all year, have lost any role in government and are likely to make peace with Mr Rakhmanov.

But there were signs that ethnic tension could give rise to new violence in Tajikistan, where hundreds have died in fighting in the past year and more than 200,000 have fled their homes.

Tajikistan's old-guard leadership, composed mostly of hard-line Soviet era politicans and industrialists, officially overturned the former government three weeks ago.

It did so by militarily crushing Islamic-dominated troops outside Dushanbe and then – with the coalition government stripped of its muscle – having the old guard-dominated parliament vote their opponents out of power.

Until yesterday, the Islamic forces continued to hold out in Dushanbe.

But my mid-morning, armoured forces loyal to Mr Rakhmanov seized most of the capital's key installations – the presidential palace, parliament, the KGB building and the interior ministry. That gave Mr Rakhmanov the security to enter the capital.

While politicians have profited from Tajikistan's war, it is essentially a battle between traditional ethnic enemies – clans from the nation's Garm and Kulyab regions. The former largely backs the Islamic coalition, while Kulyab supports the Soviet era elite.

Liquidators of BCCI file lawsuit

By Alan Friedman in New York and Richard Donkin in London

THE LIQUIDATORS of the Bank of Credit and Commerce International have filed a $10.5bn civil lawsuit against Sheik Khalid bin Mahfouz, former head of National Commercial Bank of Saudi Arabia, who was indicted in the US last July on BCCI-related fraud charges.

The suit, against both Sheikh Khalid and the bank itself, is is unusual both in its size and because it means an embarrassing legal action is being brought against a leading banker close to the Saudi royal family.

Under US racketeering laws, the actual damages to be awarded if the lawsuit succeeds could be trebled to more than $30bn. Sheikh Khalid has denied all charges.

The liquidators allege in the suit – filed in the US, UK, Jersey, Luxembourg and Switzerland – that Sheikh Khalid broke US laws by engaging in racketeering and fraud. The suit seeks to freeze the assets of Sheikh Khalid and the Saudi bank in each country.

The US Federal Reserve last summer levied a $170m penalty against Sheikh Khalid. It also ordered the National Commercial Bank of Saudi Arabia to shut down its New York branch.

In Washington, Judge Joyce Green of the district court has issued a temporary order that stops Sheikh Khalid from transferring any of his US assets out of the country.

In London, Mr Dennis Norman, acting general manager of National Commercial Bank's UK operations, confirmed the bank had received a restraining order on Sheikh Khalid's UK assets. "We are very shocked about the action," he said.

NEWS IN BRIEF

World declaration to fight malnutrition

A WORLD declaration expressing determination to eliminate hunger and reduce all forms of malnutrition was adopted in Rome yesterday by 1,400 delegates from 160 countries at the close of the first International Conference on Nutrition, writes Robert Graham in Rome.

The ministerial conference, organised by United Nation's Food and Agriculture Organisation and the World Health Organisation, made no direct reference to the situation in Somalia. But the declaration condemned wars and civil strife as being major causes of both hunger and malnutrition, and pleaded for safe passage of humanitarian aid.

In his opening remarks, Pope John Paul II had condoned the use of military force to back up humanitarian aid in Somalia.

The conference concluded that although the relative proportion of people suffering from inadequate food supplies had declined over the past 20 years, it was still unacceptable that 780m in developing countries, equivalent to 20 per cent of their population, lived under such conditions. The problem was no longer insufficient foods supplies but distribution and poverty.

Uruguayans vote on privatisation

URUGUAYANS vote tomorrow in a privatisation referendum, with recent opinion polls suggesting the electorate will reject government plans to sell off state industries, Our Foreign Staff write.

The referendum is over five central clauses of a privatisation law approved by Congress in March. One allows the government to sell off up to 51 per cent in the ANTEL telephone company to local and foreign investors. Others would allow the government to determine which state assets should be privatised and to offer public works contracts by concession.

China welcomes trade vote

CHINA yesterday welcomed a German parliamentary vote to remove trade sanctions imposed after Beijing's crackdown on pro-democracy protesters, Reuter reports from Beijing.

The Chinese foreign ministry was quoted by the Xinhua news agency as saying: "The complete lifting of its restrictions on co-operation with China by the German Federal Assembly is conducive to the further improvement and development of Sino-German ties."

Chancellor Helmut Kohl's three-party coalition majority in the lower house passed a motion formally to end the sanctions, which have recently been relaxed.

Thailand to observe sanctions

THAILAND will comply with United Nations sanctions against the Khmer Rouge but needs to minimise the losses of Thai traders who do business with the radical guerrilla group, according to Mr Prasong Soonsiri, foreign minister, Reuter reports from Bangkok.

He said he doubted whether UN sanctions would be able to force the Khmer Rouge to join the peace process.

Miyazawa shuffles Japanese cabinet

By Robert Thomson in Tokyo

MR Kiichi Miyazawa, Japan's prime minister, yesterday reshuffled his cabinet ministers in an attempt to restore public confidence in his scandal-tainted administration, which must deal with a series of difficult economic and trade issues in coming months.

The reshuffle was heralded by Mr Miyazawa, who has a public approval rating of only 14 per cent, as a sign that "factionalism has ended" in the ruling Liberal Democratic Party, though portfolios were distributed in line with the present strength of the party's five main factions.

LDP officials hoped to focus public attention on the first ever appointment of a woman cabinet minister – Ms Mayumi Moriyama at education – and the rise of the youngest ever cabinet minister. At 39, Mr Hajime Funada, who becomes head of the Economic Planning Agency, is 50 days younger than the previous record-holder, Mr Kakuei Tanaka, later prime minister.

But most senior positions were given to faction officials who have waited patiently for a turn at the top, including several who have been implicated in political scandals since the mid-1970s. Two of the new ministers are implicated in the still-running Tokyo Sagawa Kyubin scandal.

Mr Yoshiro Hayashi, 65, is the new finance minister, and will be confronted by awkward decisions on public assistance to the troubled banking system and on the amount of funds available for a further stimulation of the economy. Mr Hayashi, fluent in English, is a former diplomat, and served for a time in Brussels.

While Mr Hayashi is said to be an expert on taxation matters, and played an important role in passing legislation letting Japan send military personnel abroad on peacekeeping missions, his most important quality is that he is Mr Miyazawa's right-hand man.

The resignation of Mr Shin Kanemaru, the godfather of the LDP, has left the party without a policy "fixer", and Mr Miyazawa hopes the appointment of a close aide to the Finance Ministry will increase his own influence over economic policy.

During his first year in office, Mr Miyazawa has appeared to be captive to the wishes of more powerful faction heads, but wrangling within the powerful Takeshita faction has provided an opportunity for him to appear more assertive. The faction's split was formalised yesterday when Mr Tsutomu Hata, the outgoing finance minister, announced the formation of a new faction.

Mr Yoshiro Mori, 55, was appointed minister of international trade and industry, and will be partly responsible for reaching agreement in the Uruguay Round of multilateral trade negotiations. He wants to travel to the US as soon as possible to meet members of the new Clinton administration, which is likely to take a tougher line on trade issues.

"I believe in free trade, and I believe that Japan has to do what it can to encourage free trade," Mr Mori said. However, he will not have the final word on the controversial issue of rice imports, which remain the responsibility of Mr Masami Tanabu, 58, who retained his post as agriculture minister.

Mr Tanabu returned yesterday from meetings in Washington and Brussels, where he attempted to justify Japan's ban on rice imports. It is understood that other LDP officials were reluctant to take the agriculture post, as none wants to be remembered as the minister who opened the door to foreign rice.

Apart from rice, a test of strength for Mr Miyazawa's new cabinet will come in its response to political reform proposals from a senior LDP committee, which recommended that single-seat constituencies replace the scandal-prone multi-seat system. However, a single-seat system would also undermine the influence of faction heads such as Mr Miyazawa.

Business confidence low

By Charles Leadbeater in Tokyo

THE Japanese economy is facing its most critical period for almost two decades, according to a Bank of Japan report published yesterday which shows business confidence at a 16-year low.

The survey, which will fuel speculation that interest rates will soon be cut again, shows that the downturn is spreading into non-manufacturing sectors such as retailing.

Manufacturers expect profits this year to be 25 per cent down on last year and investment to fall by close to 14 per cent, while the labour oversupply is growing.

The Bank of Japan's survey of 6,874 businesses, including 680 big companies, found that confidence among manufacturers had fallen to minus 44, its lowest level since 1976, and down from minus 27 three months earlier. Among non-manufacturing companies it had worsened to minus 27 from minus 13 in August. The index measures the balance of companies reporting economic conditions as favourable minus those reporting unfavourable conditions.

Companies believe there is little prospect of an early recovery. The manufacturers forecast the index for business conditions in March next year at minus 33 and non-manufacturers at minus 22.

The survey found that inventories had stabilised but only after deep cuts in industrial production. Overall corporate investment this year is expected to fall by 4.7 per cent from last year, with a 13.6 per cent fall in manufacturing and a 1.9 per cent cut in the service sector.

Small companies are being particularly hard hit.

Over 1,000 people have died in week since Ayodhya mosque was stormed

Wave of Indian violence receding

By Stefan Wagstyl in New Delhi

THE wave of violence which has swept India since the destruction of the Ayodhya mosque was yesterday showing signs of receding as tough action by the police and army restored order in many districts.

Mr P. V. Narasimha Rao, the prime minister, said the situation was dangerous for the country but "the worst part is behind us as of today." He told foreign journalists India had survived bouts of inter-religious violence in the past and would survive this one. "We have been able to live together. We have been able to obliterate whatever tears of bitterness there have been. This we can do again."

Mr Rao admitted the crisis would prove a "setback" for the economy, but a temporary one, while businessmen waited for the unrest to die down. However, once people saw that normalcy had returned they would have no doubts left about the country or about the government's continuing commitment to economic reform, he said.

Over 1,000 people have died since Hindu militants stormed the Ayodhya mosque during a rally organised last Sunday by the militant Hindu Bharatiya Janata party, the main opposition party. Most of the dead have been Moslems shot by police during violent street protests and revenge attacks on temples.

Hindus have hit back with raids on Moslems.

The death toll yesterday rose from 960 to about 1,020, including those who died in hospital from earlier injuries.

The BJP yesterday remained in defiant mood, though it cancelled planned demonstrations outside the Pakistani and Bangladeshi high commissions. It condemned the government's ban on militant organisations, including the Rashtriya Swayamsevak Sangh, the core of the Hindu militant movement from which the BJP was born.

Bombay, which bore the brunt of the earlier violence, was mostly quiet yesterday, though the atmosphere remained tense, with curfews in force in many districts. In Calcutta, which has a long history of Hindu-Moslem violence, firm action by the security forces seems to have prevented serious incidents. Only about 20 people have died in West Bengal, which includes Calcutta, compared with 200 in Bombay.

A huge police presence has suppressed violence in Delhi, though tempers are running high, as was shown yesterday in street fights between Moslems and police in the north east of the city in which three died.

The worst-affected states now seem to be Gujarat in the west and Uttar Pradesh in the north, which both have large Moslem populations. Tensions are particularly high in Uttar Pradesh because it includes Ayodhya and two other mosques which Hindu militants claim stand on temple sites.

Two Hindus shot by police firing on crowds are wheeled to a New Delhi hospital in a bicycle cart yesterday

HK warning on investment in China

By Simon Holberton in Hong Kong

FOREIGN investment in China will be affected if the current Sino-British dispute about the political development of Hong Kong drags on for months, Mr Willie Purves, chairman of HSBC Holdings, one of the largest business groups in Hong Kong, said yesterday.

He said the decision by Standard & Poors, a US credit rating agency, to put Hong Kong on its "watch" list last Monday was not itself serious. However if S&P decided to downgrade Hong Kong in the New Year then investors in the US and Europe would note it. Hong Kong's senior foreign currency is rated A and its local currency is rated A+.

"If [the row] drags on it will reduce the trend of strong investment flows into China," Mr Purves said in an interview. "Businessmen do not like uncertainty."

Mr Purves, who is also a member of Governor Chris Patten's Executive Council, would not give his personal view on the current political row.

However, Mr Li Ka-shing, a former director of the bank and one of Hong Kong's richest men, has come out against the governor's proposals. Mr Li, one of the colony's most astute entrepreneurs, has been drawing closer to Beijing over the past year as China's embrace of the market economy has gathered pace.

Mr Li was yesterday reported in Wen Wei Pao, a pro-Beijing daily, as saying the Hong Kong people wanted prosperity, stability and a smooth transition of sovereignty in 1997. He said the Basic Law – the colony's post-1997 mini-constitution – was a good document.

Mr Purves said he had not detected any significant change in the business climate in Hong Kong that could be related to the current political row.

There had been a slow down in applications for residential mortgages, "but I think it is unrelated – and was happening anyway – to the political dispute."

He did, however, foresee difficulties for Hong Kong if the row continued. "Looking ahead, if this goes on inevitably investors will take a different view."

HSBC's most profitable subsidiary, Hongkong and Shanghai Bank, is the colony's leading financial institution. It is the largest lender to business ventures in China and wants to expand its banking presence on the mainland, he said.

N Korea names premier

By John Burton in Seoul

NORTH Korea yesterday appointed Mr Kang Song-san, one of the country's chief economic reformers, as its premier.

Mr Kang, who also served as premier in the mid-1980s, has since governed North Hamgyong province, where he established special economic zones for foreign investment.

He also developed local economic ties with neighbouring Russia, and is a proponent of the UN-sponsored project to develop industrial and port facilities in the Tumen River delta in North Hamgyong.

The return of the 61-year-old Mr Kang – believed to be a cousin of President Kim Il-sung – to Pyongyang is likely to lead to reforms for the troubled North Korean economy and new measures to attract investment from abroad.

Mr Yon Hyong-muk, the current premier, was probably dismissed because of the country's growing economic problems, according to South Korean analysts.

Mr Kang introduced North Korea's first foreign joint venture law.

Canada withdrawing troops from Cyprus

CANADA is to withdraw its peacekeeping force from Cyprus after 28 years because of commitments elsewhere and the lack of progress in Greek-Turkish negotiations, Reuter reports from Ottawa.

Ms Mary Collins, junior defence minister, told parliament the Canadian contingent of 575 troops stationed in the critical Nicosia sector would start leaving next June.

The withdrawal would be completed by September. British, Danish and Austrian troops would continue the United Nations mission.

"After 28 years of service in Cyprus, after 28 years of watching both sides in the dispute being either unable or unwilling to negotiate a political solution, after 28 years of significant expenditures to maintain troops without any measurable progress, it was time to face facts," she said.

Canada told the United Nations in September that its patience and resources were running short.

"Instead of taking advantage of the peace and order, some political leaders have used the presence of UN forces to avoid making difficult choices and compromises required to ensure peaceful co-existence," she said.

US prices rise 0.2%

CONSUMER prices in the US rose a slim 0.2 per cent in November as steady food prices and a moderating trend restrained a sharp jump in energy prices, Reuter reports from Washington.

The Labour Department said yesterday the rise in the consumer price index followed an unexpectedly high 0.4 per cent gain in October.

Meanwhile retail sales rose modestly last month as the holiday sales season opened, the Commerce Department said. A 0.4 per cent gain in November followed a sharply revised 1.9 per cent jump in October sales – the strongest monthly increase since a 2.3 per cent rise in January. Previously, the department said October sales were up 0.9 per cent.

Economists had expected that sales would rise only 0.1 per cent last month. Retail chains indicate sales since Thanksgiving have been stronger than in the past few years.

Boeing 737 improvement

By Paul Betts, Aerospace Correspondent

BOEING is working on an improved design for the engine mounts of its older 737 twin-engine airliners, after a Delta Air Lines 737 lost an engine after take-off at Dallas-Fort Worth earlier this year.

The US manufacturer yesterday confirmed it was preparing a service bulletin to airline customers on a newly designed engine aft-mount secondary support system for its 737-200 and 737-100 airliners.

Boeing has been working in close consultation with Delta, the US National Transportation Safety Board and the US Federal Aviation Administration on the new design for the engine mounts on the 1040 Boeing 737-200s and 27 Boeing 737-100s still in service.

British Airways is a large Boeing 737-200 operator, with 43 aircraft in its fleet, the UK carrier said yesterday.

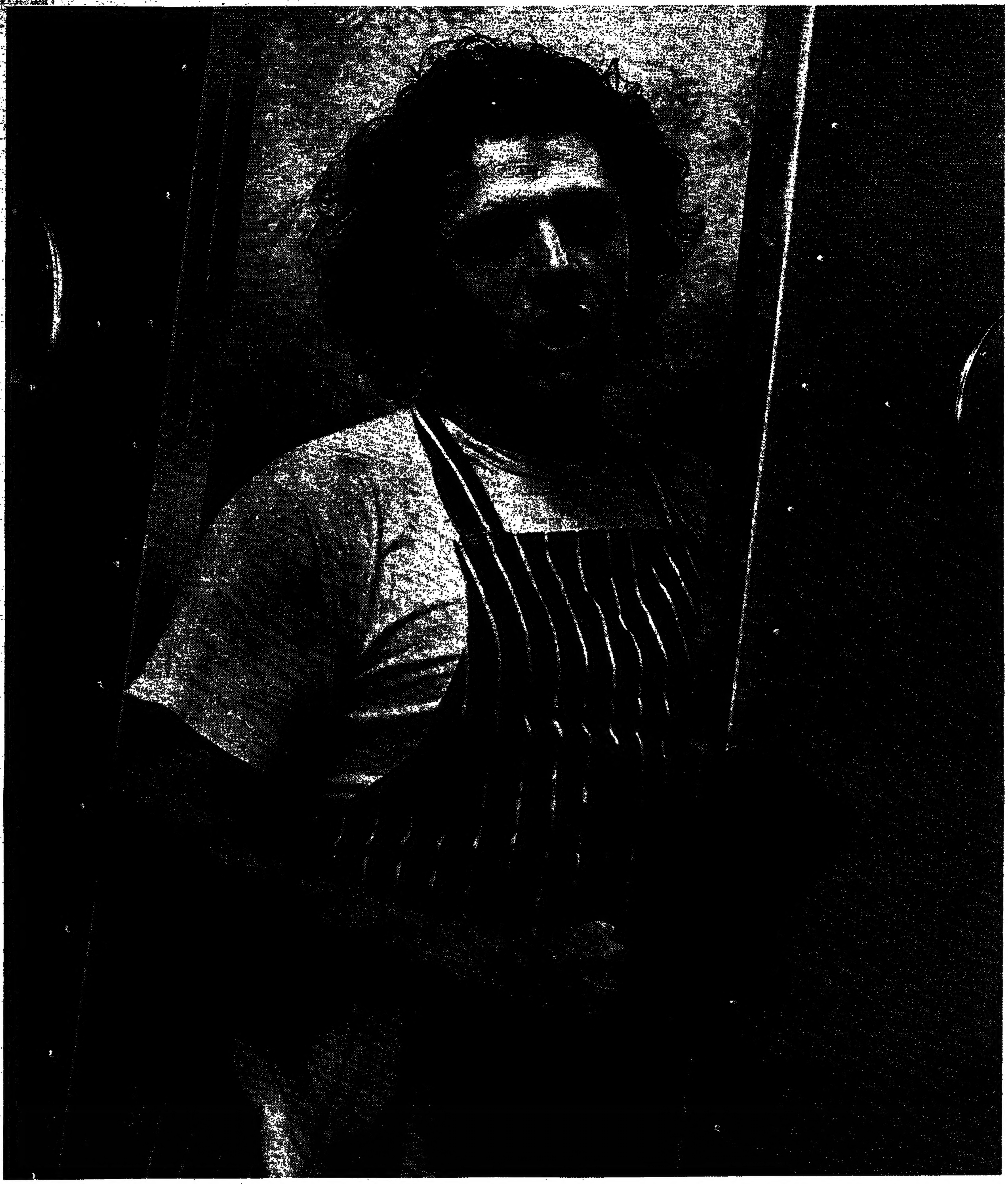
Although the engine mountings are different on the Boeing 737, these parts have also been identified by investigators as the probable cause of the crash of an El Al Boeing 747 cargo jumbo jet last October in Amsterdam and a similar incident involving a Boeing 747 cargo jet in Taiwan a year ago.

Boeing is now redesigning for the second time the fuse pins used in Boeing 747 mounts and recently completed a programme to improve engine mountings on the Boeing 757 twin-engine airliner.

The US manufacturer said yesterday it was not yet in a position to discuss any eventual retrofit of 737 engine mounts, their schedule and cost. This would depend on discussions and recommendations with the US air safety authorities.

Boeing also said there had only been three occasions, including the Delta incident this year, when an engine separated from a 737 in flight, in over 50m flight hours in 25 years of service.

On Boeing aircraft, engine mountings are designed to enable an engine to separate from the wing in the event of an engine failure to prevent further damage to the aircraft.



Housing cut plan angers associations

By John Willman, Public Policy Editor

HOUSING associations reacted with fury last night to a leaked paper that proposes a steep reduction in the number of associations receiving government grants to build homes for rent.

The paper, leaked to Housing Associations Weekly, was drawn up by the Housing Corporation, the quango that distributes the grants. It recommends cutting the number of associations receiving grants from more than 560 to 87, with another 46 included if their finances improved sufficiently.

The Housing Corporation acknowledged yesterday that it was examining a range of policy options to ensure "the efficient and effective delivery of social housing". Even so, Mr Anthony Mayer, chief executive of the corporation, said that did not "imply that a particular policy has been determined or adopted".

The Housing Corporation paper was drawn up after the chancellor announced cuts in funding for housing associations in the Autumn Statement last month. The grant paid to associations for building inexpensive housing will fall from 75 per cent of costs this year to 67 per cent next year and to 55 per cent by 1995.

That will force housing associations to borrow more of the cost of new homes on the capital markets. The number of lenders in the market is described by the paper as "disappointingly low", with enthusiasm in the City for housing association bond issues having "quickly evaporated".

The Housing Corporation paper says that government grants should be restricted to high-performing associations that can borrow on the "finest terms". It also says that such a move would protect public funds invested in associations, which will face increasing financial pressure after the reduction in grant.

Financial ratios developed in consultation with Hambros Bank put 87 associations in division one, fully eligible for funding. Another 46 fall into division two, needing to improve to go on receiving grant.

Mr Jim Coulter, director of the National Federation of Housing Associations, immediately called for the paper to be withdrawn.

Ms Sheila Button, chair of the Metropolitan Housing Trust, said the government appeared to be second-guessing the capital markets. "The market is developing and we haven't had any trouble raising money," she said.

Row over dockyard contract intensifies

By Daniel Green

THE CHIEFS of two naval dockyards joined battle yesterday over the tactics used to win a government contract that would secure thousands of jobs.

The privately managed yards at Devonport, Plymouth, and Rosyth, Fife, are competing for a Ministry of Defence contract to refit nuclear submarines.

Devonport argued that the "goalposts had been moved" when Rosyth submitted a late proposal for the contract on Thursday, after the government extended the final deadline. It further accused Rosyth of adopting a plan similar to its own and which Rosyth had previously said was inadequate.

Mr Mike Leece, chief executive of Devonport Management Limited, said: "What really galls is that it has taken us 28 months to develop our proposals. It's physically not possible for any company to do the same unless they have had access to our information."

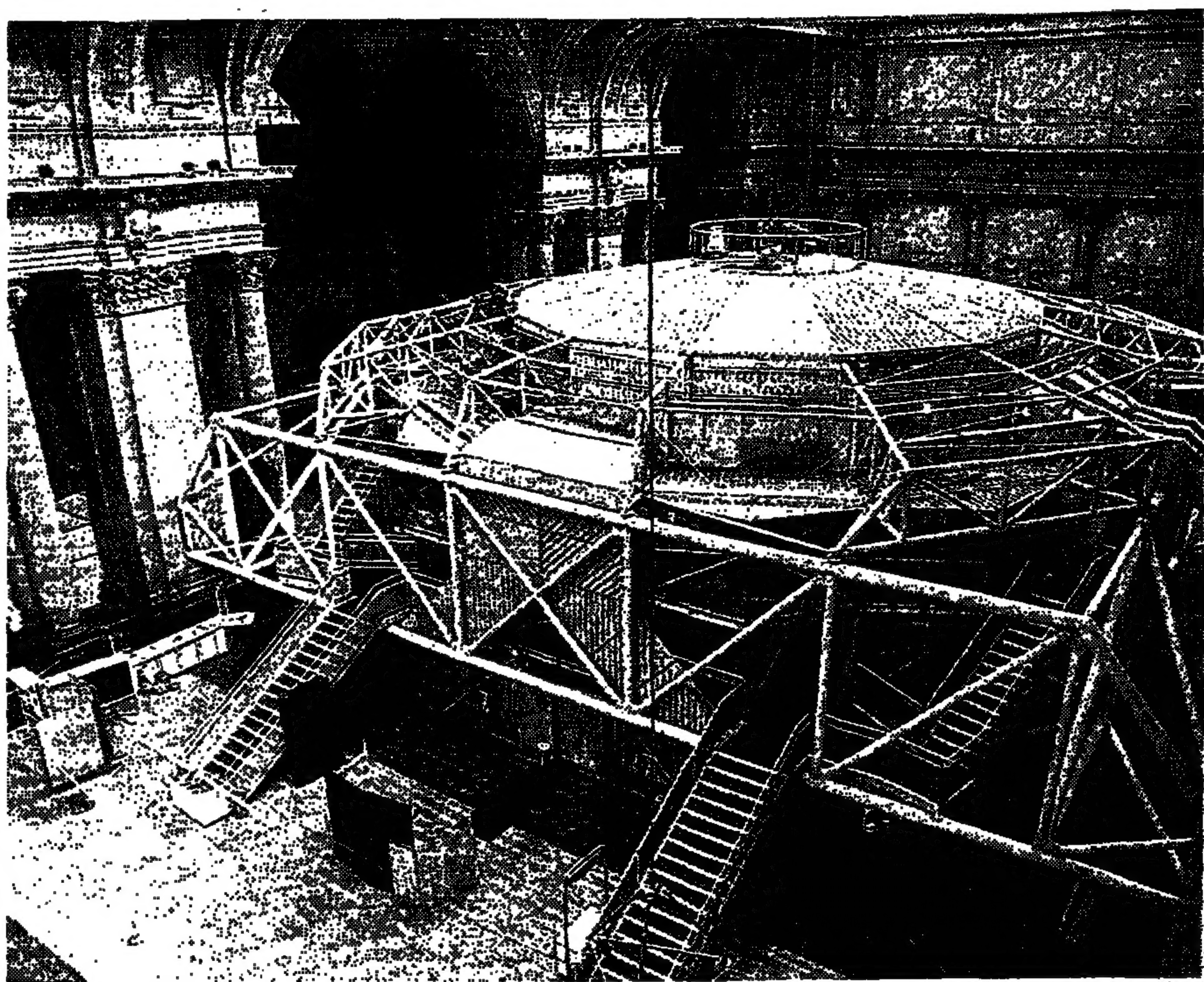
Mr Allan Smith, managing director of Babcock Thorn, which manages Rosyth Royal Dockyards, denied that he had access to Devonport's proposals. He said Babcock had "dusted off" old plans for the MoD. The two yards had initially submitted very different proposals: Rosyth that new docks should be built, and Devonport that the old ones could be upgraded.

Mr Smith said the MoD had recently indicated that it wanted to see a proposal for upgraded docks from both dockyards. He said: "We still believe new-build is better, but if they [the MoD] are prepared to live with an upgrade, then it can be done at Rosyth as well as it can at Devonport." The upgrade would be much cheaper than building from scratch.

The MoD announced last week that the decision between the two yards would not now be taken until the new year.

The post-cold-war fleet was smaller, the MoD said, and there was not enough nuclear submarine refitting work for both yards. It said the extra time was needed to gather information from the companies, other ministries and about the local economies around the yards.

Mr Smith acknowledged that wider issues had become involved in the contracts. "It's a question of whether our communities gain. We are fighting on their behalf."



REGIONAL theatres devolved: the leading regional theatres in England, including Manchester's Royal Exchange (above), will receive government subsidies from regional arts boards instead of from the Arts Council, Mr Peter Brooke, the heritage minister, said yesterday, Antony Thorncroft writes.

The reform devolves 42 arts clients, receiving a subsidy of £14m, from the control of the Arts Council in London. The council will still deal directly with 144 companies, including the national companies such as the Royal Opera House and the Royal National Theatre. The council's budget this year is £225m.

Other theatre companies devolved include the Bristol Old Vic, the West Yorkshire Playhouse, the Leicester Haymarket, the Nottingham Playhouse, and in London the Bush, the Young Vic and the Hampstead Theatre. The London Arts Board will also fund the Wigmore Hall and the Photographer's Gallery.

The devolution is less drastic than that envisaged by Mr Richard Luce, a previous arts minister, who planned to confine the Arts Council to a mainly advisory role.

The leading orchestras, including the LSO, the LPO, the RPO, and the Philharmonia, along with the CBSO in Birmingham and the Hallé in Manchester, have won their fight to remain centrally funded, as have the Royal Court Theatre in London, Opera North, the Institute of Contemporary Arts, and the Serpentine and Whitechapel galleries in London and Ikon in Birmingham.

Mr Brooke said the quality of the orchestras is judged nationally while theatres have regional competitors, enabling local arts boards to evaluate their performance.

The changes in funding take place in April 1994. In the meantime, the role of the Arts Council will be examined. It is likely to become more of a strategic organisation, although it will still supervise the workings of the regional arts boards. It could also distribute money to the arts from the national lottery.

Rover to raise prices by 2.9%

ROVER is to raise its car prices by an average of 2.9 per cent across the range from December 21, Kevin Done writes.

The move follows Ford's announcement earlier this week of price increases from January 4 for UK-built Fiesta and Escort/Orion cars by an average of 4.5 per cent and for Sierra and Granada cars by an average of 7.5 per cent.

Ford and other car makers have blamed increased prices largely on the recent devaluation of sterling. But Rover, a subsidiary of British Aerospace, said it had not been affected as badly by the devaluation because 80 per cent of its parts came from the UK.

S&P downgrades Nationwide rating

NATIONWIDE is the first building society to have its short-term debt rating lowered. Standard & Poor's, the rating agency, yesterday downgraded Nationwide's commercial paper and certificates of deposit from A1 to A2.

S&P said the downgrade reflected the "impact of the continued weakness of the UK housing market on Nationwide's asset quality".

Mr Richard Lassen, Nationwide treasurer, said the society would "probably stay away from the commercial paper market for the next few months" to avoid higher costs. He added: "We can continue funding in the UK, principally by winding down our very high level of liquidity."

Nationwide has a \$2bn (£1.28bn) commercial paper programme.

Bank to issue £700m of gilts

THE Bank of England is to issue £700m worth of gilts in three tranches, available on Monday. They are £100m of 8 per cent Treasury stock due 2002/2006, £250m of 9 per cent Treasury stock due 2008 and £350m of 9 per cent Treasury stock due 2012.

The certified price for the bonds is 95¾, 103 1/16 and 102¼ respectively.

BMA to probe bed closures

THE central consultants' and specialists' committee of the British Medical Association is to investigate bed closures and cancelled operations in the National Health Service.

The BMA said it was receiving complaints that some hospitals' contracts had expired and some were effectively treating only emergencies.

School record to be compulsory

A NATIONAL Record of Achievement is to become compulsory for all school-leavers in England and Wales, Mr John Patten, the education secretary, said yesterday. The document details GCSE and A-level results, vocational qualifications and successes in fields such as music or sport.

IRA admits blasts

THE IRA admitted responsibility yesterday for two bomb attacks in north London this week. The explosions were in a car park at Woodside Park Underground station on Wednesday night, and at Wood Green Shopping City the following morning.

Shell cuts prices

SHELL is to cut the price on all grades of petrol by 18p a gallon (4p a litre). The price of four-star will fall from 229.6p a gallon to 211.4p.

GEC-Marconi to cut 400 more jobs

By Daniel Green

GEC-MARCONI, Britain's biggest defence electronics manufacturer, is to close a sonar manufacturing plant at Newport, Gwent, with the loss of 400 jobs.

The company said it was cutting capacity because of a lack of domestic and export orders.

The announcement comes only a few weeks after the announcement of the closure of another sonar plant in the same town. GEC-Marconi is still in the process of shutting its Corporation Road site, which employs 105 people.

The closures are part of a rationalisation plan. Manufacturing will be concentrated in Temple Combe, Somerset, where 900 people are employed. Most of the 400 workers to lose their jobs at Newport's Spytty Road site will be made redundant between March and September next year.

GEC-Marconi said it would try to redeploy employees but that there would probably be opportunities for work elsewhere within the company only for senior specialised staff. Redundancy compensation has yet to be negotiated.

All three factories built sonar systems for naval surface vessels and submarines. GEC-Marconi's sonar products include towed-array sonar to trail about 2,000 metres behind a vessel such as the Royal Navy's type 23 frigate and to listen for submarines.

Move on bomb cover promised

By Ralph Atkins, Andrew Jack and Vanessa Houlder

THE GOVERNMENT indicated yesterday that it expected progress before the end of the month towards resolving its dispute with insurance companies over public help for terrorist insurance cover.

Downing Street forecast "some moves or words" before insurance polices on commercial property are changed to exclude terrorist damage clauses.

It has emerged that for a number of significant organisations, including some in the City, this will be as soon as Christmas Day, adding to the pressure for rapid discussions.

It remains unclear whether the brinkmanship between Whitehall and the City will result in the Treasury's shouldering any risk.

Ministers are anxious not to give propaganda advantage to terrorists and are privately frustrated about the high-profile tactics adopted by the insurance companies – and the apparent rivalries between the industry's representatives.

Mr Tony Banks of the Association of British Insurers criticised as impractical proposals from the Association of Insurance and Risk Managers in Industry (Airmic) for a terrorist insurance pool to be funded jointly by industry and insurers and reinsured by the government.

Mr Banks said, "There is only one solution: that the government takes full responsibility. This is a political risk. It is not a bombing campaign against factories but against the UK government."

Airmic said that negotiations over possible solutions held with brokers at Lloyd's were continuing and were at "an incredibly delicate stage".

The Department of Trade and Industry said it still hoped for a commercial solution but cabinet ministers are considering schemes that involve some government involvement.

Highlighting the increasing difficulties facing companies, Scottish Amicable Investment Managers, which owns £1.2bn of commercial property in the UK, has warned its tenants that they will be liable for any building damage resulting from a terrorist attack from January 1.

"Any repair work required as a result of terrorist activity will be your obligation under your repairing covenant or service charge," Scottish Amicable said in a letter.

Mr David Hunter, property director, said Scottish Amicable had "pursued every avenue in an effort to obtain terrorist damage cover. We have found that it is simply not available."

Fears over loss of funds for union ballots

By Phoebe King and Catherine Milton

THE ABILITY of unions to use strike ballots as a bargaining tactic will be undermined by the withdrawal of public funds for ballots, according to industrial relations experts.

Some unions have exploited the law requiring ballots before strikes by winning large majorities for action, putting pressure on employers, even when few workers intend to strike.

Mr Bob Simpson, senior labour law lecturer at the London School of Economics, said the withdrawal of funding plus the requirement for postal rather than workplace strike ballots, included in the Employment Bill, would reduce union bargaining power. "Unions could eventually find themselves unable to make viable threats of industrial action because employers will know they cannot afford to ballot," he said.

The phased withdrawal of ballot money came as a surprise to unions and employers. One employers' representative warned that it might increase the incidence of unofficial action.

Most union ballots have been workplace ballots which have not been eligible for state support. Workplace ballots, however, cost only about 60 per cent of postal ballots. The Electoral Reform Society calculates that postal ballots cost about 50p a head, including postage and printing costs.

The trade union certification officer said the TGWU general union – the largest union – claimed £900,398 for postal ballots last year, nearly a quarter of the £4m total. The union said the claim was high because of the cost of running elections for its general and deputy general secretaries. In 1990, the union claimed only £15,994.

Last year the AEEU electrical and engineering union claimed £461,374, the GMB general union £302,915 and the Bifu banking union £107,732.

Mr Simpson also said that the withdrawal of £2m of public money from union training would not be felt for "some time" but if union officials were not trained they would lack negotiating skills.

More than half a million union officials have taken government-funded courses since they were set up in 1976.

SALEROOM

Record £4.4m for Dutch master

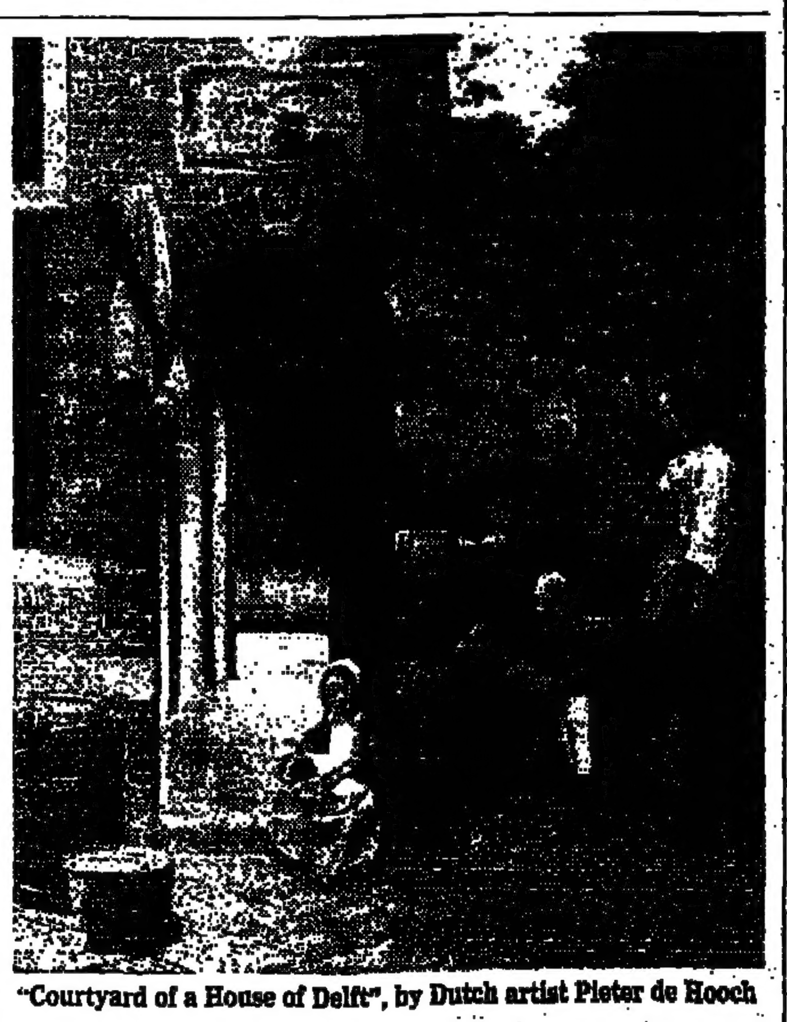
A PAINTING by Pieter de Hooch, "The Courtyard of a House of Delft", sold for £4.4m at Christie's in London yesterday to the dealer Noortman. The 1658 painting, from the golden age of Dutch art, is similar to a work in the National Gallery.

For more than 150 years it has hung at Wrotham Park, Hertfordshire. Before that, it was in the collection of the Empress Josephine.

The price was slightly below its estimate of between £4.5m and £6.5m (possibly because a child in the picture has a distorted face) but was a record for a work by de Hooch, and ensured a successful auction of Old Master paintings, which totalled £12.3m. There were 10 artist records and the morning session was 24 per cent unsold.

After the sale, a portrait of Madame de Vicq, by Rubens, which had disappeared from view for almost 150 years, was sold for £880,000, just below its estimate of between £1m and £1.5m. If it had been bought during the auction the result would have looked even better.

Another work by Rubens, a painting of "The Entombment" that was only recently rediscovered, sold above its estimate for £1.045m, while an oil sketch by the same artist for a tapestry went for £748,000, which was a record for a Rubens in this medium. A Venetian view of the Molo by Canaletto was on target at £462,000, and "Fruit in a Basket" by the Dutch painter Ambrosius Bosschaert II doubled its estimate at £319,000.



"Courtyard of a House of Delft", by Dutch artist Pieter de Hooch

Antony Thorncroft

Fresh splash of green Page 11

Scots will rally 'for democracy'

By James Buxton, Scottish Correspondent

CAMPAIGNERS for constitutional change in Scotland hope for a substantial boost from today's "Scotland Demands Democracy" march and rally in Edinburgh.

Organisers expect more than 10,000 people, which would make it the largest demonstration for constitutional change held in Scotland.

The leaders of the three opposition parties in Scotland – Labour, the Liberal Democrats and the Scottish National Party – will speak briefly after the demonstrators have marched to The Meadows, one of the city's parks, from the building formerly designated for a Scottish parliament.

The protest is to underline to the Conservative government and visiting EC heads of government that demand for constitutional change has not died down since the April general election, in spite of government claims to the contrary.

Both Labour and the Liberal Democrats, which offered Scotland its own devolved parliament, lost votes and seats in Scotland. The SNP, offering independence, increased its share of the vote but lost seats. The Conservatives, pledged to maintain the constitutional status quo, made slim gains of seats and votes.

Since then, the Scottish Liberal Democrats have given less emphasis to devolution, while Labour in Scotland has been divided on the issue. The Scottish Constitutional Convention, in which both parties drew up a scheme for a Scottish parliament, still exists but its first post-election meeting was poorly attended.

Today's demonstration, organised by the Scottish Trades Union Congress, stems from movements formed after the election. One of those, Scotland United, mainly comprising left-wing Labour and SNP supporters and fighting for a Scottish parliament, staged Scotland's first pro-devolution rallies soon afterwards. Up to 5,000 people attended.

Poor rail service leads to BR discounts on 11 lines

By Richard Tomkins, Transport Correspondent

COMMUTERS on 11 British Rail lines will qualify for the first season ticket discounts to be offered under the Passenger's Charter in the new year, it was announced yesterday.

By far the worst performer is InterCity, which has five of its seven routes doing badly enough to trigger 5 per cent discounts for season ticket renewals.

Network SouthEast, by contrast, is ending the year with only the Kent Coast line offering discounts, and Regional Railways is meeting targets on all but five of its 23 routes.

One reason for Network SouthEast's success is that different targets were set for each of its 15 lines, according to the investment they had received, while InterCity has one performance target for all routes.

InterCity says it is unrealistic for all its routes to perform to one standard because, like Network SouthEast's, some badly need investment and others are newly modernised. Its plea for differing targets is believed to have been rejected because that would have meant softening the target for most lines, and the government is not prepared to relax the charter.

Three of InterCity's routes – Anglia, West Coast and Cross Country – are failing on punctuality and another two – Midland Main Line and Gatwick Express – on reliability.

The performance of Network SouthEast's routes will prompt criticism that its targets are too soft. Next year's targets are likely to be much tougher.

The services triggering discounts are Cross Country, East Midlands and Lincs, West Midlands, Cardiff Valleys, and North East.

Women's retirement age of 65 backed

By Ralph Atkins

SOCIAL SECURITY ministers are backing an increase in the state retirement age for women from 60 to 65, with the savings being used to help cushion the impact for some groups, as their preferred way of equalising pension ages.

After a 12-month consultation ends this month, Mr Peter Lilley, social security secretary, is expected to announce next year his proposals for conforming male and female retirement ages.

The Treasury has put strong pressure on Mr Lilley to increase the female retirement age. Before consultations began, the Treasury wanted a retirement age of 67 included as an option, it emerged this week. The state retirement age for men is already 65. A decision will be taken after further discussions with the Treasury and in cabinet. But lowering the male retirement age to 60 has been all but ruled out and a compromise of 63 is receding as a possibility. A flexible decade of retirement has been rejected as unworkable.

Making many women work for five years longer will be politically unpopular but the impact will be softened by phasing in the changes over at least 10 years, possibly longer.

Mr Lilley is also hopeful that the estimated £3bn annual savings will not all return to the Treasury but be used to help particular groups.

In August, the Social Security Advisory Committee, which advises the government on pensions policy, said that savings from the increase to 65 could be used to help pensioners whose working lives were badly paid and interrupted. Most would be women.

Other options would be to allow earlier retirement on lower pensions or to offer better pensions for those who are dependent only on the state.

No consensus emerged from the 4,000 responses received from companies, pension experts and representative organisations during the government's consultation. Social security ministers believe the increase can be justified also because people are living longer and increasingly likely to have an occupational or personal pension. They wish to focus resources more closely on those most in need.

The move to equalise retirement ages follows a European Court ruling outlawing different pension benefits.

Limit sought to damages awards against auditors

By Andrew Jack

THE GOVERNMENT should consider limiting the extent of damages that can be awarded against auditors and widening the groups to whom they are responsible, Sir Ron Dearing, chairman of the Financial Reporting Council, said yesterday.

He called for an examination of ways to reduce the escalating legal awards against auditors and for a review of the restrictive "duty of care" of auditors determined in the House of Lords Caparo judgment.

His comments built on his statement in the council's second annual review, being sent to all listed companies, and echo the conclusions of the Cadbury committee on the financial aspects of corporate governance, of which he was a member.

Sir Ron said he had written to the Department of Trade and Industry expressing his concerns on the subject.

In the council's review, he called for companies and auditors to approach the Accounting Standards Board's urgent issues task force to gain approval for new accounting practices before they are adopted.

He wants to see the task force move in the direction of its equivalent in the US, rather than reacting to dubious new accounting practices once they have emerged in published company accounts.

Mr David Tweedie, chairman of the ASB, emphasised in the review that it was important to give companies and accountants time to discuss, comment on and adapt to new accounting standards in an evolutionary way.

As a result, he said the board would issue only two new standards next year. He also said there was no intention to amend existing standards, such as the one on cashflow, until at least two years after they were introduced.

But the ASB is also expected to produce final guidance on the operating and financial review, in response to what Sir Ron called "a need to beef up the verbals".

Sir Ron said the Financial Reporting Review Panel was concerned about a number of issues that do not conflict with company law but which "do not best serve the interests of informing shareholders and creditors on the financial affairs of companies".

Inflation figure reflects falls in mortgage rates

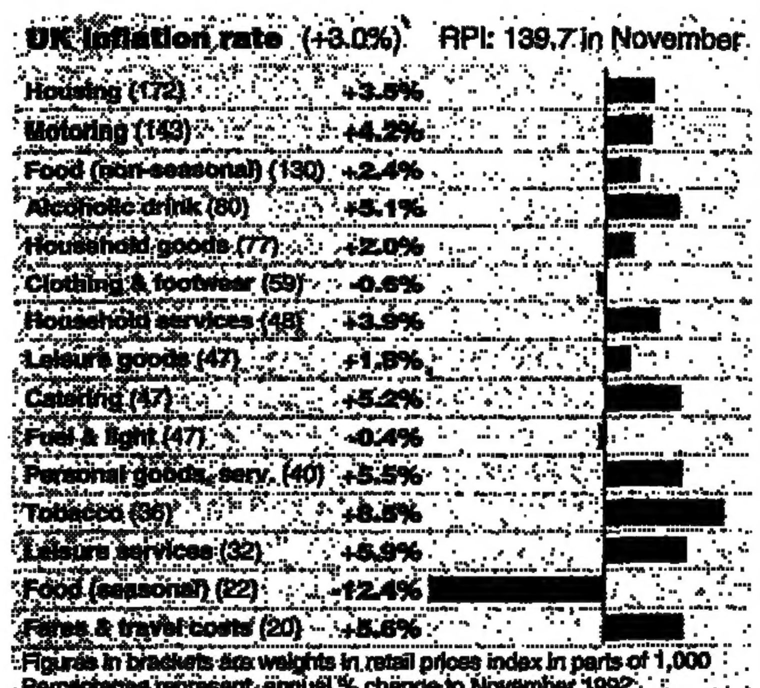
By Emma Tucker, Economics Staff

BIG FALLS in mortgage interest rates placed strong downward pressure on headline inflation last month.

The retail prices index fell to 139.7 in November, compared with 139.9 in the previous month. That took the annual rate to 3 per cent, a significant drop on October, when inflation was running at 3.6 per cent.

The Central Statistical Office said the reduction in mortgage interest payments, after interest rate cuts in October, was one of the main factors behind the drop. More recent cuts in base rates would continue to affect the index into the new year, the CSO said.

A more surprising drop in the RPI – excluding mortgage interest payments – could be explained by depressed price rises in four key components of the index.



Figures in brackets are weights in retail prices index in parts of 1,000
Percentages represent annual % change to November 1992
Source: CSO

● Food prices rose by 0.4 per cent in the year to November, the lowest rate of increase for this component of the index since May 1983. Seasonal food prices, which usually rise in November, fell by 0.2 per cent on the month, and by 12.4 per cent compared with a year ago. It was the sharpest fall in prices since May 1983, when they fell by 16.1 per cent. The decline reflected cheaper potatoes and eggs, and plentiful supplies of fresh fruit and vegetables. Non-seasonal food fell by 0.2 per cent on the month.

● The price of tobacco rose by 8.5 per cent in the 12 months to November, down from 9.5 per cent in October. That was because prices rose by only 0.8 per cent last month, after a 1.7 per cent rise in October.

● Further discount sales, especially for women's clothing, lay behind another year-on-year decline in the prices of clothing and footwear. Prices fell by 0.4 per cent on the month, the first fall for any November since 1981. Compared with a year ago, prices fell by 0.6 per cent.

● Lower car prices offset the effect on motoring expenditure of higher petrol prices. Prices compared with a year ago rose by 4.2 per cent.

The CSO said the higher cost of imports, after sterling's devaluation in September, had not yet affected retail price inflation. A lag of several months is expected.

The figures also showed that service-sector inflation is proving harder to quash. Prices of personal goods and services – a component that includes chemists' goods, hairdressing, dental charges and subscriptions to private health care – rose by 5.5 per cent in the year to November, an increase on the previous month, when it rose by 5.3 per cent. Leisure services prices rose at an annual rate of 5.9 per cent.

Broking regulation boost

By Andrew Jack

THE SECURITIES and Futures Association, the self-regulatory body for stockbrokers, has told its 1,300 members it will be co-operating more extensively with auditors in an effort to improve the effectiveness of regulation and cut its cost.

In a letter yesterday, Mr John Young, chief executive, said the association was making efforts to enhance the reports it receives from the auditors of association members.

It is proposed that the association should brief auditors on issues including capital adequacy, new rules and regulations that are causing difficulties.

The association hoped that auditors would provide information in exchange and said it was discussing such ideas with the largest six accountancy firms. The ideas have already been endorsed by the Institute of Chartered Accountants in England and Wales.

Only a handful of auditors have taken advantage of the protection section 109 of the 1986 Financial Services Act to discuss issues of concern with the association.

The letter emphasised that the exchange of information "will be of a general nature and not specific to individual firms. There will be no names or pack drills."

It added, though, that the association may hold separate meetings with firms and their auditors, with their agreement, to discuss "specific compliance issues".

Travel trade ponders lull before storm

Michael Skapinker on the sector's hopes prior to its busy season

ANYONE LOOKING for a quiet spot in London away from the Christmas crowds should try Thomas Cook in Fleet Street.

Outside, the grey pavements are crowded with harassed City folk. Inside the travel agency, the staff are friendly and unhurried. At the height of the lunch hour, there are three members of the public present: one browsing through the brochures, one booking a flight to London for relatives from Belfast, and one talking to counter staff about a holiday.

"Touch wood, it's the lull before the storm," says Mr Adrian Sneyd, the travel agency chain's regional manager for the City. "People are now doing their Christmas shopping or whatever. Shortly after Christmas we'll be in peak-season booking mode."

Mr Sneyd insists one should not read too much into the sight of a near-empty travel agency. Travel companies believe they have proved they can weather the recession better than most industries.

Thomas Cook, the UK's second-biggest travel agency chain, says winter bookings are down on last year, particularly to warm destinations, but a strong ski market has limited the drop to 5 per cent.

The company's biggest suppliers are also reasonably optimistic. Thomson, the UK's biggest tour operator, says it has sold almost all its Christmas holidays.

Airtours, the third-biggest, which last Monday announced profits up 33 per cent, says its winter 1992-93 bookings are ahead of last year.

The week before last, Thomas Cook in Fleet Street saw bookings rise by 38 per cent, Mr Sneyd says. He concedes that percentages can be misleading. In the equivalent week last year, the branch booked only 100 holidays.

Mr Tim Boyce, a solicitor at Freshfields, the City law firm, has come in to pick up some skiing brochures. Travel industry managers say they have noticed skiers opting for cheaper January dates rather than the peak season of February.

Mr Boyce is not sure he will go at all. "It depends on the price. I'm not sure I can afford it."

Miss Jennifer Lobell, an accountant with Peat Marwick, has come to buy some travellers cheques. She is off this weekend to the Swiss resort of Verbier on a skiing holiday she has organised privately rather than through Thomas Cook.

Last year she went skiing for two weeks. This year she is only going for three days.

Some say they are not cutting back on their holidays. Mr Edgar Hill, an accountant, says: "Touch wood, the recession has passed me by."

Heading out the door with some brochures, he says: "We went in April last year to Portugal. We're thinking of making a tradition of it."

By 2pm, with the lunch hour over, the one customer who was discussing his holiday half an hour previously has finally made up his mind. Mr Richard Williams, an accountant with Unilever, hands over his credit card and takes possession of his tickets.

He is going skiing at the end of this month, but he has booked directly with the resort. All he has bought from Thomas Cook is his ferry crossing to France at a cost of £150.

When Christmas is over, the travel companies will start pushing their summer offerings.

Mr Sneyd says: "If you come back in the second week of January, hopefully they'll be stacked to the door."

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Twin deficits in the UK

THE BRITISH prime minister will not find the European summit in Edinburgh particularly enjoyable. It may not have been an *annus horribilis*, but it has been a horrible six months. Yet Mr Major enjoys what might seem to be a consolation. For the first time in at least three years, short-term prospects for the British economy look as good as those of most other European economies. The question for the British government is, for a change, not whether there will be a recovery of some kind, but whether it will last.

What will Mr Major see when he looks round the table? Mr Mitterrand's France will be the best performing leading European economy this year and probably in 1993 as well. Nevertheless, it must suffer the high interest rates imposed by the Bundesbank, while the French franc is under pressure once more. Next year will mark the 10th anniversary of the switch towards the policy of *rigeur*. It will also mark another rise in French unemployment.

Meanwhile, Mr Amato's lira has been evicted from the exchange rate mechanism quite as ignominiously as the British pound, but with less pleasurable results. So grave is Italy's fiscal crisis that the Bank of Italy, far from being able to exploit the apparent opportunity to lower interest rates, has had to keep three-month rates at the usurious level of 14½ per cent.

As for Mr Kohl's Germany, it is in recession. Nonetheless, the Bundesbank remains resolute. In the light of this year's monetary overshooting, the announcement that its target range for the growth of broad money next year is to be 4.5 to 6.5 per cent represents a grim warning, even though it is 1 percentage point higher than this year's target. The Bundesbank has served notice on its critics that it still wants every excuse for not cutting interest rates.

British disease

The fact that the Bundesbank does not want lower interest rates makes an intriguing contrast with the UK. For the first time since 1968, crowed the Treasury yesterday, the UK's underlying rate of inflation is marginally below that in Germany. Yet the Bundesbank regards German inflation of 3.7 per cent as a disaster, while one city economist reacted to the British news by saying that "the government can afford to treat recovery as the main priority", since the inflationary flame would not be rekindled until the middle of 1993. Short-termism remains the British disease, Bundesbankers will naturally conclude.

Whether or not it makes sense for governments to switch their attention from growth to inflation and back again, like a pendulum, Mr Major does have the immediate luxury of going for growth. Underlying inflation is within the chancellor's target of 1 to 4 per cent, while the latest wage settlements are also below 4 per cent, according to the Confederation of British Industry.

Consumer spending

Since private consumption accounts for just under two-thirds of aggregate demand, the route to any really swift economic recovery runs via the consumer's pocket. Naturally, the shopkeepers of Britain wish consumers were the spendthrifts they so recently were. So does the chancellor. Fortunately, consumers are likely to remain cautious. A modest expansion of consumer demand is desirable. But there can be too much of a good thing. In the case of the UK economy, that point might be reached rather swiftly.

Nobody knows what difference the new panel of forecasters will make to the Treasury's performance. The group is engagingly heterodox, but this very diversity ensures that the Treasury will be able to lay off the blame, which may be the point of the exercise. In any case, it must cast its net more widely. Mr Bill Martin, of stockbrokers Phillips & Drew and not himself a panellist, brings out why a consumer boom would be risky. He forecasts the following perfectly plausible combination for 1994: unemployment at 12¼ per cent of the labour force; a current account deficit at 4 per cent of gross domestic product; and a public sector borrowing requirement at 9 per cent of GDP. The UK's "twin-deficits" would then dwarf anything seen in the US during the 1980s.

If the government is seen to be taking a risk with inflation, it is almost certain to face a crisis in either the foreign exchange markets, the gilt market or both. The result would be higher interest rates once more – both long and short term – and probably an aborted recovery. There is no safe alternative to export-led growth, however uncomfortably slow it would initially be.

As the government realises its predicament, any temptation to gloat over the pain elsewhere in Europe will disappear. Mr Major needs a buoyant European market, since this is where almost two-thirds of British exports are sold. The less buoyant that market, the more sterling will have to depreciate and the greater the inflationary dangers.

Recovery is, indeed, likely. But the government will need pay and spending restraint at home and vigorous growth abroad if this recovery is to be more than a flash in the pan.

Ford's price increases highlight the tough choice between profits and sales volume in the UK car market, says Kevin Done

Carmakers face game of chicken

Since the pound crashed out of the European exchange rate mechanism in September, carmakers have agonised over how much and how quickly they could raise prices in the UK to claw back their devaluation losses on imported cars and parts.

In a sector laid low by recession the UK car market has been a desperate poker game among manufacturers facing mounting currency losses but fearful that any price rise would further depress sales and reduce market share.

This week Ford blinked. The company announced price rises averaging 4.5 to 7.5 per cent on its mainstream models and as much as 10 per cent on the high-powered but low-volume Escort Cosworth.

The first signs are emerging that the decline in the UK new car market during the past three years may finally be halting – registrations have been higher than a year ago in three of the past four months. But the competition to capitalise on any growth next year will be intense.

Ford now faces an anxious wait to see whether other hard-pressed car producers follow its lead on prices or whether they choose instead to push for higher sales at the expense of the UK market leader. Yesterday, it received some encouragement from Rover's announcement that it would increase the prices of its cars by an average of 2.9 per cent. Like Ford, the UK carmaker is trying to reduce losses.

Despite the barrage of criticism its move triggered from consumer groups and politicians, Ford's was not the first car price increase to follow devaluation. It is the biggest since Black Wednesday, but the US carmaker has not been alone in feeling the pressure to limit the damage wrought by devaluation on its bottom line.

At the beginning of November, Mr Bill Ebbert, chairman and managing director of Vauxhall, was preparing to make a speech in Cheshire to celebrate the opening of General Motors' £190m engine plant at Ellesmere Port.

The draft of the speech, readied by the morning, declared that Vauxhall was "under severe cost pressure" in the wake of the devaluation, but it had "no plans at the moment to increase the prices of our cars built in Germany".

By the evening this confident paragraph had been dropped.

Over dinner, the Vauxhall chairman was already steeling himself to make the first move on prices. The next day Vauxhall announced it was raising the prices of all of its cars by an average of 3.25 per cent.

Deliberations have been no easier at Volkswagen. Mr Daniel Goeudevert, head of the VW make and from next month group deputy chairman, thought he had an agreement at the Paris motor show in early October to increase VW's prices in the UK by 4.9 per cent.

VW's UK importer, VAG United Kingdom, was not so sanguine. The VW group may be the undisputed market leader in western Europe, but in the UK it is only a medium-sized player overshadowed by Ford, Vauxhall, Rover and the Peugeot group of France which includes Citroën.

VW decided it did not have the market muscle to make the first move and chose to sweat it out until the bigger players acted. Only two days after the Vauxhall announcement, VW jumped to increase its own prices by 2.9 per cent.

Pricing decisions have seldom been more difficult in a UK market that has fallen by nearly a third during the recession – about 730,000 fewer new cars will be sold this year than in the peak year of 1989. But of all the car manufacturers, it is Ford that is on the rack in the UK.

Its decision this week to raise the prices of its UK-built Fiesta and Escort/Orion ranges by 4.5 per cent and its Belgian and German-built Sierra and Granada ranges by 7.5 per cent is a clear admission that all the price-cutting and discounting initiatives of the past two years have simply failed to "move the metal".

As recently as the British motorshow in Birmingham in October Ford still appeared to believe that the depressed UK car market could be revived by traditional price cutting methods. Mr Ian McAllister, Ford of Britain chairman and managing director, declared that the company had decided "to take determined action to stimulate the market" and announced price cuts of up to £520 on some Escort/Orion models and up to £955 on some of its Fiesta models.

Its actions appear to have aroused more confusion than confidence among would-be car buyers, however. The motor show price cuts followed a 1.6 per cent price rise in August. Those cuts have now been followed by this week's rise.

Carmakers' opaque pricing policies have prompted angry reactions from consumer groups and some opposition politicians. They claim that the industry's price rises are an attempt to reap the benefit of the recent abolition of special car tax. This measure, announced in the chancellor's Autumn Statement in mid-November, reduced the price of a £10,000 car by about £400.

According to Mr Stephen Locke, the Consumers' Association's director of policy, Ford's latest move "confirms all our worst fears about the manufacturers' desire to see the UK as a high-price, high-profit market". Mr Nigel Griffiths, Labour spokesman on consumer affairs, claims that the chancellor "is being walked over by the manufacturers".

Mr McAllister responds that it is absurd to claim that Britain is a "high price, high profit" market given the decline in the profitability of UK manufacturers and the severity of the recession.

In the past, the evidence certainly suggests that consumers have been justified in believing that they have been overcharged for cars in Britain. But if it once was the case, recession and devaluation now appear to have brought UK prices on to a par with continental Europe – at least for the moment.

Ford prices in the UK (pre-tax) would be "very much in line with those in Belgium and below those in the major markets like Germany and France", even after the latest price increase comes into effect in January, insists Mr McAllister.

According to Ford, the price of a 1.6 litre Ford Escort LX (excluding tax, adjusted for equipment levels, and not taking into account dealer discounts) in the UK would be Ecu12,001 after the latest price increase, compared with Ecu12,913 in Germany, Ecu12,342 in France, Ecu12,630 in Belgium and Ecu11,015 in Italy.

After moving temporarily into the black in the first half of the year following a record loss in 1991, Ford is again suffering mounting losses. In recent months three and four-day weeks have been introduced on its UK assembly lines, as production has had to be cut to reduce excess stocks. As a result, it needs to raise prices as far as the market can bear.

Britain has traditionally been one of Ford's most reliable profit sources around the world, but no longer. As market leader it is under attack from all sides, but it no longer has the same financial muscle to fight off its rivals or cope with the fundamental shifts that are taking place in the balance of power in the UK car market.

Both General Motors (Vauxhall in the UK and Opel in continental Europe) and PSA Peugeot Citroën of France have made big inroads in the UK, partly at Ford's expense. Helped by the increasing strength of its product range, Vauxhall has more than doubled its share of the UK market to 17 per cent from 8.6 per cent in 1981, allowing it to oust Rover from second place.

The combined marques of Peugeot and Citroën are now claiming 12 per cent of the UK market compared with 6.4 per cent a decade ago.

The Japanese have arrived in strength, with the addition of cars built in the UK, led by Nissan, Toyota and Honda. The Japanese share, currently at 12.1 per cent for the first 11 months this year, is expected by most automotive analysts to rise to at least 20 per cent by the end of the decade.

At the bottom of the market new competitors have appeared, such as Proton from Malaysia, that are selling aggressively with low prices. Proton, which was only launched in Britain in 1989, has already won a 1 per cent share of the UK market.

Shifts in consumer taste have also hit Ford. Sales of diesel-powered cars have begun to rise quickly – capturing 15.9 per cent of the UK market in November compared with 6.4 per cent in the whole of 1990. But the benefits have fallen in particular to the Peugeot group, not to Ford.

The combination of these factors has steadily eroded Ford's share of UK new car sales. From a level of more than 30 per cent in 1981 and 1982 it has fallen to 22.5 per cent in the first 11 months this year. In November Ford accounted for only 19 per cent of UK new car sales compared with 25 per cent in the same month a year ago.

According to Professor Garel Rhys, professor of motor industry economics at Cardiff Business School, the latest Ford price rises do indicate a change of strategy. "It may well mean that, having accepted that its once-traditional 30 per cent share is history, it has decided that even a 25 per cent share is not worth buying and that it is better to settle for 20 per cent with sales that are profitable."

Mr McAllister admits that "market share is a difficult issue – pride gets in the way", but he insists that Ford has pulled back from the unprofitable business of selling to the daily rental fleets, where it has foregone sales of around 18,000 cars this year.

"Pushing money to buy market share does not get you anything. It disguises fundamental issues you are facing," he says.

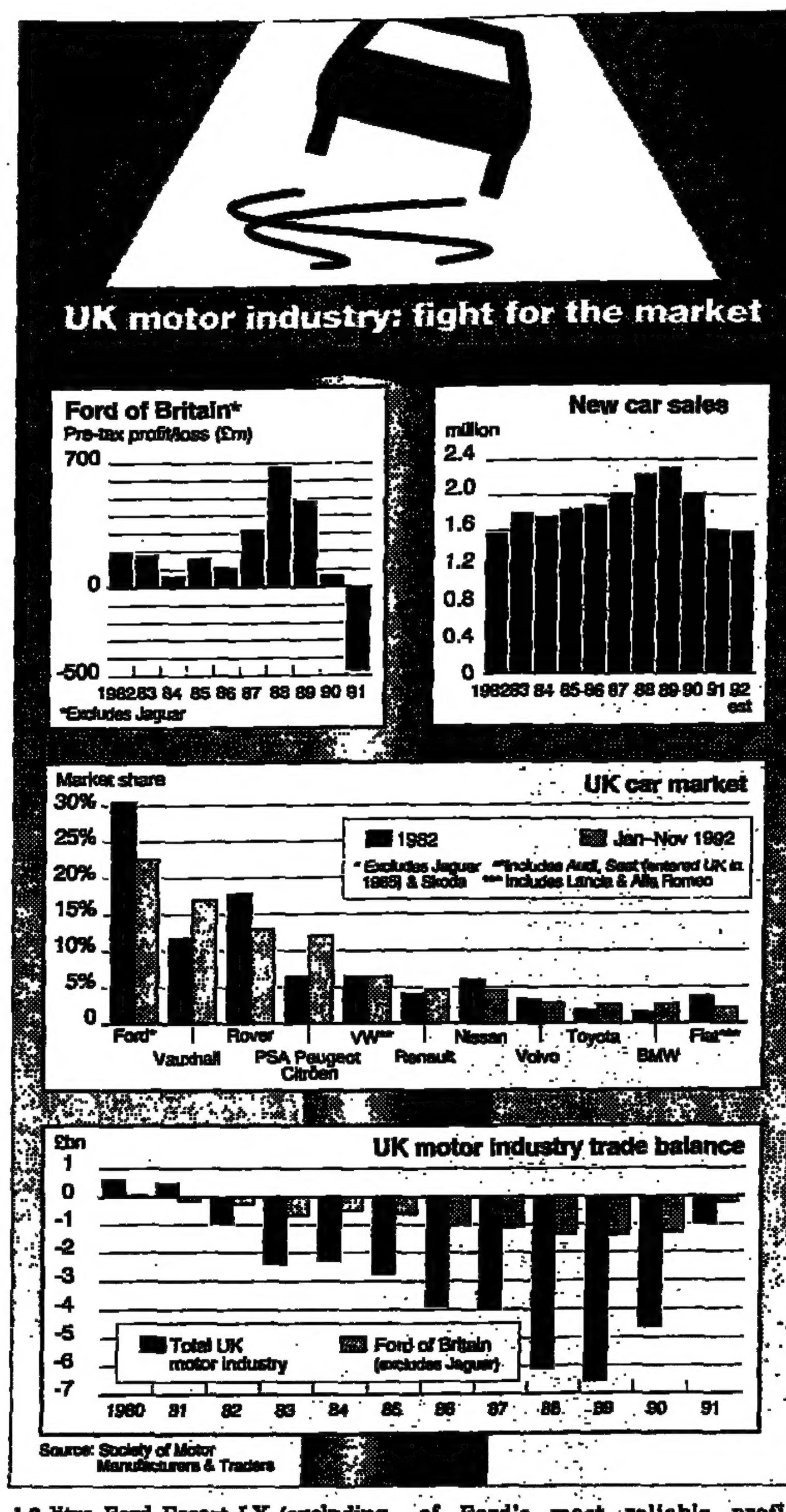
Mr McAllister insists optimistically that new products to be launched next year will help Ford to rebuild its UK share. Hopes are riding most importantly on the Mondeo, which will replace the Sierra in the spring, and the Maverick four-wheel drive leisure vehicle to be launched in the autumn.

But the Mondeo is set to meet head-on competition from the first products of Honda's and Toyota's new UK plants as well as the Rover 600 (sister car to Honda's new UK-built Accord) and the new Citroën Xantia, the replacement for the old BX.

To add to the daunting challenges facing Ford, Volkswagen this week agreed to pay £124m to take direct control of its VW/Audi importer and distributor from Lonrho, the international trading group.

Volkswagen is clearly not willing to live any longer with its relative weakness in the UK. "I am not going to accept only 4 per cent of one of the largest markets in Europe," says Mr Goeudevert.

After three years of being locked in recession, the first signs may be emerging that UK new car sales have started a slow recovery. But the battle for a share of that growth can only intensify.



MAN IN THE NEWS: Uffe Ellemann-Jensen

Lead role in the Scottish play

Shortly before 8 o'clock yesterday morning in Edinburgh, Mr Uffe Ellemann-Jensen, the Danish foreign minister, was in nostalgic mood as he strode through the well-guarded gates of the Palace of Holyrood House, the site of the EC summit.

The moustachioed 51-year-old minister recalled he had last been here nearly 40 years ago on a school exchange visit. "It was my first European experience. I first spoke English with a Scottish accent." Yesterday at daybreak, the palace appeared a lot smaller than in his boyhood memory. "Everything looks bigger when you're a child."

Mr Ellemann-Jensen hopes his second journey to the Scottish capital will also prove memorable – but for different reasons, and on a much larger scale. He is a pivotal figure in the EC's weary efforts to overcome the obstacles created by Denmark's No to the Maastricht treaty in June.

The setback, combined with a general upsurge in strains over European integration, has threatened for months to paralyse the European Community. Last night, the problems seemed nearer resolution, even though the final outcome will be decided only in a second Danish referendum, provisionally planned for April or May.

As the result of complex negotiations both with other Danish political parties and with the rest of the EC, Mr Ellemann-Jensen hopes to come up with additions to the treaty fulfilling two vital aims. Amendments must allay the doubts of Danish voters over European union, by allowing exemptions in areas such as monetary union and common European defence.

But they must not upset other EC members firmly committed to Maastricht-style integration. In particular, no country – especially Britain, with its own ratification process still dragging on – wants to see changes which would require Maastricht legislation to be resubmitted to national parliaments.

"It's very difficult to have an agreement which is legally binding for us, but which does not reopen the treaty," said Mr Ellemann-Jensen yesterday. "It looks impossible – but it will be done."

June's No vote was an important setback for the leader of Denmark's Liberal party, the minority partner in the centre-right coalition government. An irrepressible pro-European, he campaigned energetically for a Yes. "The rejection was his greatest personal and political failure," said a close aide. "But his greatest personal and political victory would be a Yes in a new referendum next year."

Mr Ellemann-Jensen admitted that the "natural reaction" to the June No would have been to resign his office. But he thought about it for only 20 seconds. "Since all the major parties supported the Maastricht treaty, there was no better alternative than for me to try to reverse the decision."

His spirits have been lifted by the proposals by the British government, currently chairing the EC, to find a way out of the impasse. Although doubts remain over their precise legal status, the latest proposals yesterday won a surprisingly positive reception from French President François Mitterrand.

He recognises he must find a delicate balance between securing changes capable of winning a referendum majority, and testing other EC members' patience by overplaying Denmark's objections to the treaty. One senior German official warned yesterday: "The Danes must not exaggerate."

Mr Ellemann-Jensen admitted his discomfort with some aspects of recent bargaining. When touring EC capitals in the past few weeks, "I was sometimes travelling with demands [for amendments to the treaty] with which I did not agree". He is playing for the highest stakes. He confirmed that, should a new referendum result in another No, "one way or the other we would have to leave the Community".

On the other hand, since the treaty cannot come into force unless it is ratified by all EC members, Mr Ellemann-Jensen has powerful leverage to win concessions. He does not take too seriously the threat that the other 10 EC members, could go ahead with a new treaty without Denmark or the UK. "This would be very complicated. They would have to start all over again." Borrowing an analogy from the divorce court, he added: "They would have to fight over the children and the furniture."

He believes that the No vote had triggered some positive debate. "In some ways it has been healthy that we had the shock of the Danish referendum at an early stage. There was a fear that the Community was going ahead too fast." The new efforts to improve openness and democracy throughout the Community owed much to the Danish "early warning", he said.

However, he sees drawbacks as well as benefits in the Community's new emphasis on "subsidiarity" – making decisions at the lowest level of government. "You could use subsidiarity to undermine common policies in areas like the environment."

The minister concedes that this year's vicissitudes have made him more cautious. Compared with the first referendum, his pro-Europe campaign for the one next year is likely to be less high-profile.

By the time that Denmark takes over the rotating EC presidency at the beginning of January, he hopes that the main Maastricht hurdles will have been overcome – allowing the EC to direct more energy to tackling growing chaos in the east of the continent.

Mr Ellemann-Jensen will spend a few days cod-fishing between Christmas and the new year. In the first week of January, he plans to tour trouble spots in the former Yugoslavia, turning his attention to a crisis where the EC has so far shown itself impotent. With the EC's disarray still palpable, the Danes will have to work hard simply to prevent it getting worse. But at least Mr Ellemann-Jensen is promising that the style of the Danish presidency will be as *communautaire* as possible.

"I have told my staff how important it is to look at our presidency not as Danes, but in terms of the Community." This is not simply a question of principle: "Otherwise everyone will be even more suspicious of us."

David Marsh

Opportunity knocks

Michael Prowse on the challenge awaiting Clinton's economic team

It may all end in tears. But in these early days it is hard to suppress a sense of excitement about what the Clinton administration could achieve economically.

The fact that the economic team was named first, ahead of foreign policy and defence posts, sends a strong signal that economics matters. So does the creation of an economic council within the White House of equal status to the National Security Council. Mr Bill Clinton seems determined that his administration never should not lose sight of the commercial and financial implications of decisions. With the cold war over, he senses that the principal challenges facing the US are now economic.

He has a unique opportunity for correcting many of the policy mistakes of the past two decades. He inherits a promising economic outlook from President George Bush. The economy, having grown sluggishly for six straight quarters, now seems to be gathering momentum. Yet, thanks in part to the cautious policies of Mr Alan Greenspan, the Federal Reserve chairman, for the first time in a generation the US is also in striking distance of re-establishing stable prices.

At the same time, after 12 years of budgetary gridlock in Washington, the same party at last controls both White House and Congress. There is an opportunity for action on many of the pressing problems facing the US, such as the need to raise savings and reform health care. Congress, moreover, appears to recognise the importance of addressing long-term structural problems such as slow productivity growth.

One instant criticism of Mr Clinton's first round of economic appointments was that it included only one professional economist – Ms Alice Rivlin, of the Brookings Institution, who was named as deputy budget director. The two most senior posts go to congressional deal-makers: Mr Lloyd Bentsen, the chairman of the Senate finance committee, who was named Treasury secretary, and Mr Leon Panetta, the chairman of the House budget committee, who was named budget director.

Wall Street investment banking was also well-represented with Mr Robert Rubin, the co-chairman of Goldman Sachs, named to run the new White House economic council, and Mr Roger Altman of the Blackstone Group, tapped as deputy to Mr Bentsen at Treasury. Three of the four men – Messrs Bentsen, Panetta and Rubin – are trained lawyers; Mr Altman has an MBA from the University of Chicago.

Few industrialised nations put professional economists in top policymaking positions. Mr Clinton has sensibly opted to put politicians in political slots. If Mr Bentsen and Mr Panetta cannot get legislation through a Democrat-controlled Congress, it is doubtful anybody can. Both are respected on Capitol Hill, having been intimately involved in economic and budgetary policymaking for over a decade.

Mr Rubin and Mr Altman are knowledgeable on economics and have the advantage over academics of bringing real-world experience of the constraints that financial markets can impose on even the best intentioned policies. Mr Altman also has government experience having served at the Treasury in the Carter administration.

These were, in any case, only the first economic appointments. Mr Clinton yesterday named Ms Laura D'Andrea Tyson, an economics professor at the University of California at Berkeley, to head the Council of Economic Advisers. His old friend, Mr Robert Reich, who lectures in political economy at Harvard's Kennedy School of Government, was named labor secretary. Other important announcements, such as trade representative and commerce secretary, will follow.

There is scope for some tension among members of Mr Clinton's team. Mr Bentsen is likely to put greater emphasis on tax incentives for saving and investment than would Mr Panetta and Ms Rivlin, both of whom have reputations as deficit hawks. Mr Bentsen also has an unfortunate history of regarding the tax system as a mechanism for rewarding individual sectors, such as oil, gas and real estate. Once out of the Senate, however, he will no longer face political pressure to put sectoral interests above national ones.

Lloyd Bentsen: the new Treasury Secretary

But neither Mr Rubin nor Mr Altman have policy axes to grind; both seem likely to serve as efficient implementers of administration policy. Mr Rubin, in particular, is seen as playing a co-ordinating role in economic policymaking analogous to that in foreign affairs of General Brent Scowcroft, President George Bush's national security advisers.

What the senior appointees have in common is more important than what divides them. They are all solidly in the political and economic mainstream; they believe in market forces, free trade and responsible fiscal policies. Fears that Mr Clinton would lurch to the left after the election thus appear unfounded. Indeed, this week it was the liberal wing of the Democratic Party, rather than Republicans, that voiced misgivings.

The team seems likely to establish amicable relations with the Federal Reserve. Before the election Mr Clinton went out of his way to defend the Fed's independence in monetary policy. He recently invited Mr Greenspan to Little Rock to try to reach a mutual understanding on the economy.

But what, it may be asked, has this conventional team of moderates got to do with the more radical ideas Mr Clinton outlined during the campaign? Are these the people to "rebuild" the American economy, to oversee large new investments in education, training and infrastructure?

There are two possible answers. The first is that Mr Clinton is a politician through and through. He said what he had to say to solidify Democratic support and defeat Mr Bush. Now that he has won he will drop many of the policies (and people) associated with the campaign.

A more charitable interpretation runs as follows. Mr Clinton has conventional macroeconomic views and has always seen deficit reduction as one of the keys to higher national savings and improved productivity growth. He has thus named a macroeconomic team capable of reassuring financial markets and pushing tough deficit reduction legislation through Congress.

But he has not forgotten the other, more radical part of his agenda. He does want to transform industrial skill training, invest more heavily in commercial research and development, and, perhaps, develop a more aggressive industrial policy. The principal players here are likely to include Ms Tyson at the CEA and Mr Reich at Labor. But by giving the most senior posts to moderates such as Mr Bentsen, an advocate of free enterprise, who will restore the Treasury's traditionally dominant role in economic policymaking, Mr Clinton is ensuring that the interventionists will not gain the upper hand.

Mr Clinton, moreover, stressed again this week that he remains the chief economic decision taker. It will be his job to balance the conflicting demands of different agencies and departments. And while the administration has great opportunities to solve economic problems, it faces formidable challenges, some of which reflect Mr Clinton's own inconsistent campaign pledges.

Mr Clinton wants to increase spending significantly on education, training, infrastructure and technology, reduce the burden of taxes on middle-income families and sharply reduce the structural budget deficit. Even if he manages to reduce the rate of growth of health care spending, he cannot achieve all these goals simultaneously. The hard bargaining has yet to begin.

Antony Thorncroft on signs of recovery in the art market

Fresh splash of green

A painting by Matisse was sold at auction in New York last month for a record $14.5m (£9.6m) and a Monet for $12.1m. This week in Paris a Van Gogh fetched FFr55m (£6.5m). And in London on Wednesday a Goya was bought by the Getty Museum of Malibu, California, for £4.95m. The international art market is suddenly sprouting green shoots after more than two years of decline and despair.

Undoubtedly a revival of interest in acquiring art, generated in the US, is restoring confidence to the auction houses of Paris and London, and to hard-pressed antique dealers. But the revival is selective and fickle. At best it might persuade owners of important works of art that they can now consign them to auction with a good chance of making a sale; at worst it marks the end of the recession, but with any general revival still in the future.

The fall in the art market was sudden and sharp. The cracks were already appearing at the New York auctions in May 1990 when a Japanese paper manufacturer, Ryoei Saito, bought a Van Gogh portrait for $82.5m and a Renoir music hall scene for $78.1m, by far the highest prices ever paid for works of art. Alongside the records there were a disturbingly high percentage of unsold lots. By the next round of important art sales in London in December 1990 the fall in demand was apparent. Christie's auction totalled £10.3m, compared with £76.5m a year earlier, while Sotheby's only managed £6.6m as against £76m in December 1989.

The auction houses were hit hard. Sotheby's fell into loss, and Christie's saw its profits fall sharply. But they had partly been responsible for creating the heights from which the market fell. They offered guarantees to important sellers and loans to prospective buyers, encouraging speculative purchases, especially among the Japanese. The fastest growing market had been for post-1870 art which quickly came to represent almost 50 per cent of auction houses' turnover in the late 1980s.

The recent sprinkling of high prices reflects a very different market. Most dealers have too much debt, and too many unsold works of art, to be big buyers, and the Japanese are almost totally absent – except as sellers. But new collectors are appearing, many of them Americans who think that the US is moving out of recession and that art looks a better home for surplus money compared with the low interest rates offered by the banks. The Matisse went to a first-time buyer, as did the Monet.

To date the revival in the art market is concentrated on undoubted masterpieces, which have an international appeal, and works of interest specifically to American buyers. Sotheby's auction of American paintings earlier this month was its best in this field for 2½ years, totalling $11m. Latin American art is even more buoyant, reflecting the resilience of the regional economies such as Mexico and Venezuela. At Sotheby's, a brothel scene by Colombian artist Fernando Botero went for $1.54m in an auction which brought in more than $10m and was 90 per cent sold.

There are also encouraging bids coming from east Asia. The Japanese are still licking their wounds but the Koreans, Taiwanese and some Hong Kong Chinese are competing fiercely for Asian works of art. Contemporary Chinese paintings represent a new market which is helping auction houses make good some of their losses on the impressionists. Last month, a painting by Zhang Daqian sold for more than £600,000.

Even the tricky area of contemporary art is looking up. This is one area where American artists, in particular the abstract expressionists of the post-1945 New York school such as Jackson Pollock and Jasper Johns, are pre-eminent. This is the art sought by rich Americans, especially the new rich. Charles Saatchi this month reckoned the market was strong enough to absorb 14 works from his collection in New York. He was over-optimistic and five were unsold but the most expensive, Andy Warhol's Marilyn X 100, found a buyer at $3.74m. This was less than its estimate, and much less than the $7m that Saatchi had been asking for it privately, but he will have shown a profit on the picture. A work by Johns made $2.3m and one by Pollock $1.98m. Both sold below estimate but at least the owners, who probably paid comparatively little for the paintings in the 1970s, were prepared to risk exposing them at auction.

Prices for top quality impressionist and contemporary art have fallen by about 40 per cent and are back to the levels of around 1988. But good pictures now attract interest. In London an important Kandinsky abstract made a solid £5.5m, the first time a modern work has broken the £5m barrier since the market collapsed. And although the first major work by Francis Bacon to appear since his death was well below the £1m target, its price of £735,000 would be regarded by many as fair. If sellers are prepared to accept lower estimates on their works, there is now a market.

But many owners are still chasing the prices of the late 1980s. This is particularly true of British art, which is bought mainly by British collectors and which mirrors the depressed state of the economy. A Turner Venetian watercolour, which had set a record for an English watercolour of £440,000 in 1988, was unsold last month, with bids failing to reach £400,000.

Despite such setbacks, signs of an upturn in the art market are now reaching the dealers and auction houses. In recent months, closures have become rarer and trade is picking up.

The 17 dealers in London's Cork Street stayed open for a weekend last month and enjoyed a high level of interest. One, Leslie Waddington, sold £250,000 worth of art; another, the Redfern, 20 works. The Bill Jackson Gallery was visited by 2,000 people. Eskenazi, an oriental dealer, opened an exhibition of rare Chinese lacquer on Monday and has already sold three pieces to museums, with three more reserved.

Like the economy at large the art market's recovery is likely to be hesitant and fitful. But as Christmas approaches, the mood is considerably more cheerful than it has been for the past two years.

LETTERS TO THE EDITOR

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Training began long time ago

From Mr Peter McGregor.

Sir, Mr Howard Jordan of Scottish Engineering (Letters, December 7) says that he has been campaigning for better supervisory training "for a number of years now", and draws attention to its importance.

The first conference to which I was sent by my company, *in 1951*, was on the importance of training for first line supervisors. This was well attended and was run by the then Industrial Welfare Society, which later dropped the middle word in its title.

As Rudiger van Wechmar said in his adjoining letter about the EC, that was 41 years ago.

Peter McGregor,
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Time to pay realistic price for non-executive directors

From Mr David Daws.

Sir, The time has now come, following publication of the Cadbury committee report, to realise that there is no such thing as a non-executive director. The unified nature of the UK board was stressed in the report. The legal fact is that all directors owe essentially the same duties to a company. Given the additional responsibilities now heaped on NEDs, the commitment in time required from them will surely mean that NEDs are, at the very least, part-time directors.

At the heart of this comment is the rather infra dig but rather important question of fees. These often vary with the size of an organisation but the workload does not. And it will be those companies with the greatest need for strong, experienced NEDs that are least likely to get them because of the time commitment required.

I warmly endorse the committee's recommendation that a clear written statement of the responsibilities of an NED should be drawn up on appointment. I would further recommend a clear statement of the hours that the NED will commit to the company. There should also be a clear statement of the number of hours the NED will be required to commit to the training recommended by the report. Those statements can then form the basis upon which an adequate fee can be agreed.

Asking a minimum of 180 hours a year with an extra 90 hours for the first year and 15 hours a year training, over a three-year contract a company should probably be budgeting for a fee of between £32,000 and £63,000 a year for each non-executive. The actual fee would, of course, depend on responsibilities assumed (for example, chairmanship of the audit committee), and the calibre of the prospective NED. A fee of less than the minimum suggested would not adequately compensate a top calibre professional business person for the hours committed (opportunity cost) and the risk taken. That said, it is a fact that the vast majority of NEDs are currently paid significantly less than the suggested minimum, probably £12,000 to £20,000.

If, however, shareholders really want the protection afforded by implementing the code they should be prepared to pay the price.

David Daws,
solicitor,
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'Average', but democratic

From Mr Siegfried R Peyer.

Sir, Mr Bijan-Daniel Kherzri, commenting on the Swiss rejection of the European Economic Area (Letters, December 9), states: "It raises the question whether Swiss direct democracy is practical at a time when long-term structural decisions have to be taken which simply surpass the comprehensive capabilities of the average masses."

As a Swiss and a member of the "average masses", I would like to quote Winston Churchill, who said: "Democracy is the worst form of government – except for all those other forms which have been tried from time to time."

Hence I do prefer the current system whatever the outcome!

Siegfried R Peyer,
representative,
Guyerzeller Bank,
9 Queen's Road C,
Hong Kong

Champion of the banks

From Mr John MacLean.

Sir, Enough! The current bout of bank-bashing is now a bandwagon, upon which business and the public are jumping to mitigate their own woes, and the media to protect us all from the new "bully".

I beg to differ. I applaud my local branch of National Westminster. As a self-employed bookseller in a small Welsh market town, I am hardly a large "account", and the branch will earn little more from my modest transactions this year than it has for the last eight since we opened.

But the manager is courteous, attentive and professional and responds positively to any well-presented business idea. His staff give me the sort of service I also try to employ. I do not find their charges other than competitive, and their recently extended opening hours suit me fine.

If business is tough, look no further than the recession. If (heaven forbid) my business failed, my bank would not be the prime cause.

John MacLean,
Cowbridge Bookshop,
72 Eastgate,
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South Glamorgan CF7 7AB

Tecs at forefront of displaying flexibility in supporting business

From Mr Chris Humphries.

Sir, Charles Batchelor's refreshing article on academic recognition of the need to support established business ("Thinking the unthinkable", December 8) quite rightly highlighted the plan for a network of business advice centres ("one-stop shops") as indicative of changing government priorities. This change is good news for business; yet I fear the article gives the impression that this is something new for the Training and Enterprise Councils. In reality Tecs have long been aware of the need to encourage international competitiveness in business of all types and stages of growth; the new moves from the Department of Trade and Industry will help us do more of it.

Tecs do have the flexibility to support start-up businesses; and the French and German models your correspondent quoted would not be beyond the purse or capability of any Tec. However, before we abandon the British start-up model completely, we would be wise to remember that Britain's system excites international (not just European) interest. Only last week, a delegation of "business incubator" managers from Israel came to Hertfordshire Tec to learn more about our support for business, and their positive response was similar to that we received in the staterooms of Brussels a few months ago. When more than eight out of 10 businesses that start with our help are still flourishing in spite of the current recession after their first 18 months, something must be going right.

Many Tecs already provide a significant and growing level of support for businesses that employ more than 20 people, and are between three and five years old. Hertfordshire Tec's "Business Masterclasses" were designed here more than 18 months ago specifically to inject expertise into just this type fo company. More than nine out of 10 delegates – senior managers and managing directors of local firms – come from companies three years old or more. Just less than half the companies employ 21 or more people. Other established Hertfordshire businesses are enthusiastically tapping into Tec services designed for growth or survival.

Chris Humphries,
managing director,
Hertfordshire Training & Enterprise Council,
New Barnet Mill,
Cottonmill Lane,
Sopwell, St Albans AL1 2HA

Beveridge: a more realistic view

From D J Turkington.

Sir, The memories of a Liverpool childhood for a 54-year-old give the debate on Beveridge a touch of reality mixed with gratitude for the benefits his efforts created.

John Gray's description ("Truth of the Matter", December 5) of the 1990s as scarred by "...mass unemployment, pervasive squalor and rickety health services..." annoys me. His words are a gross exaggeration of those problems while they disregard the new problems developing from the breakdown of family life and ethical standards. The visionaries of the 1990s will be more accurate in their analysis.

If Mr Gray were to visit Teesside he would see what a well aimed swipe of Mrs Thatcher's hand bag has achieved. Or is to be a Fellow of Jesus College simply a licence to misuse truth every day?

D J Turkington,
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Broadcasting House,
Middlesborough TS1 5JA

More than one way to market

From Mr Hugh Small.

Sir, Your leader, "Going to Market" (December 1), links the UK's emphasis on equity rather than debt finance with the UK's "infrastructure devoted to bringing firms to market – accountants, merchant banks, stockbrokers".

This is a perceptive commentary but does not do justice to the UK's thriving management consultancy industry which is devoted to getting the best mix of finance for its clients rather than just placing equity. In one of our recent projects, a mixed team of financial and telecommunications specialists arranged financing for an east European country's national telecommunications infrastructure development. No equity finance was involved, only a start-up loan equivalent to 1 per cent of the country's annual gross domestic product.

Hugh Small,
European director,
Arthur D Little,
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Vulnerable rating angers insurance companies

By John Authers

LIFE INSURANCE companies have reacted with anger to a report by Standard & Poor's, the international credit-rating agency, which classified four of them as "vulnerable".

Actuaries and analysts generally supported its broad conclusions that financial strength had declined considerably over the last five years of poor market performance, and that solvency levels were likely to remain low.

But many attacked S&P's attempt to classify companies' claims-paying ability into three categories of "good", "adequate", and "poor" on the basis only of published information. Actuaries said the task was impossible without a detailed actuarial investigation, and that differences in accounting and valuation policies had been ignored.

The four companies with the vulnerable rating, which all of them contest, were:

- Guardian Assurance, a subsidiary of Guardian Royal Exchange and the only UK-quoted company affected. GRE said that S&P had failed to take into account the fact that the company had stopped offering "with-profits" contracts, which require strong reserves, and that it should now be regarded as a "unit-linked" office.
- National Provident Institution, a mutual office which concentrates on "with-profits" business, and relies mainly on independent financial advisers for its business. NPI was the first to react. By 10 o'clock yesterday morning it reported that its London office alone had received 20 calls asking to surrender policies following the S&P survey.

Mr Bernard Brindley, its chief actuary, pointed out that its conservative valuation basis had been ignored and that it retained a 65 per cent holding in equities, in the region of the industry average and allowing it room to increase financial strength by switching into fixed interest securities.

- Prolific Life & Pensions, which is owned by Hafnia, the Danish insurance company, and is in negotiations to be acquired by Scottish Provident, the mutual life assurance group. Prolific said the statement that 50 per cent of its policies lapsed before maturing was misleading, and that the true figure was 17 per cent.
- Windsor Life, now a subsidiary of New York Life, said the report was based on "out-of-date information". It said it had not been consulted by S&P before the report was published, and expected to discuss and then contest the rating with S&P.

Pure genius needed to maintain growth

Philip Rawstorne analyses the problems faced by Guinness in a changing market

GUINNESS'S slipping growth rate this year has aroused the sort of alarm with which a character in one of its old advertisements watched his glass of stout slide down the neck of an ostrich.

A comment this week about the testing prospects for 1993 by Mr Tony Greener, chief executive and chairman-elect, compounded already gloomy expectations this year.

Guinness shares tumbled 9 per cent and analysts downgraded forecasts, predicting a 4 per cent fall in 1992 profits.

To some City observers, the setback is more significant than a simple reflection of the impact of recession on the international drinks group's most profitable markets. They consider it suggests that the sources of organic profit growth are running dry after a compound growth rate of more than 23 per cent a year since 1987.

Guinness's five-year performance under Sir Anthony Tennant, who retires at the end of this month, is almost worth a place in its own book of records.

Profits soared from £408m to £956m while earnings per share and dividends doubled. Market capitalisation rose from £2.8bn to £10.9bn as its shares outperformed the rest of the FT-SE 100 companies.

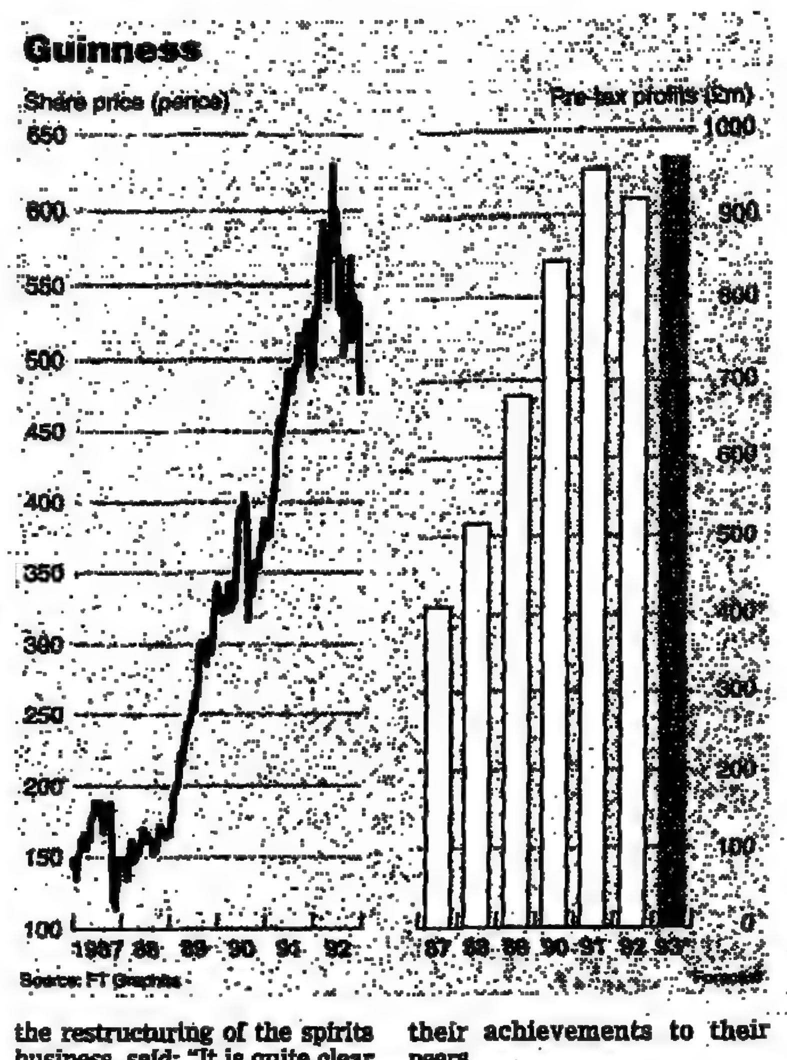
The platform for the launch of this spectacular display was the acquisition of Distillers Company in 1986. DCL's huge brand assets, including Johnnie Walker, White Horse and Dewar's Scotch whisky and Gordon's gin, had been under-exploited.

There was immense scope for rationalisation of production and distribution and significant rewards to be earned from implementing a cohesive marketing strategy.

The opportunities were seized. Operating management was reorganised and focused on regional markets. Control over distribution was increased from 25 per cent to 85 per cent through acquisitions and joint ventures. Brand portfolios were rationalised, and brands pushed up-market with hefty price increases, redesigned packaging and new-look advertising.

More than a score of peripheral businesses were sold to concentrate resources on the core spirits and beer activities.

Tony Greener: ready for long run of profits growth



Spirits, particularly Scotch whisky, with margins of more than 30 per cent, now account for 76 per cent of profits.

But having squeezed so much value out of DCL some analysts have been questioning whether Guinness can sustain its profits growth.

Volumes are declining in the US and UK, the largest Scotch markets. A premium pricing policy will be more difficult to pursue as global inflation rates fall. Consumers in developed countries are becoming more value conscious and less susceptible to aspirational advertising.

"In the largest global spirit markets, it could be the demise of the de-luxe decade," said Mr David Thompson, analyst at Kleinwort Benson.

Nor can the brewing division be expected to compensate with a substantial boost to its 24 per cent contribution to group profits. "Margins are already high by comparison with brewing companies generally," he added.

Mr Greener, who carried out the restructuring of the spirits business, said: "It is quite clear that we are not going to get the sort of profit growth that we have had in the past five years." But that, he added, "is a reflection on the state of the world economy not of the company".

Guinness, in his view, is positioned for a long run of consistent profits growth which worldwide recession has only temporarily interrupted.

Ms Michelle Proud, analyst at County NatWest, agreed: "We believe that growth will resume in 18 months or so, possibly even sooner, with the pace accelerating within a year or so, thereafter to a sustainable rate of 8 per cent to 10 per cent above the underlying rate of inflation."

The case against the pessimists rests firmly on the belief that trading-up is a basic human instinct. "Wherever people become better off, they will spend to improve their standard of living, their way of life," said Mr Greener, "and they will want to demonstrate their achievements to their peers.

"Recession may affect the rate at which people spend, but it does not put an end to their aspirations." Guinness's long-term growth would depend, he added, on its ability to persuade spirits and beer consumers to continue to trade up to its premium brands.

It has a geographical spread of markets which minimises the effects of recession and multiplies the opportunities. It earns 30 per cent of its profits in continental Europe, 21 per cent in Asia/Pacific, 18 per cent in North America, 16 per cent in the UK and 15 per cent in the rest of the world.

There are ample financial resources to extend the range of the group's distribution and expand its drinks portfolio. About £2.5m, of which half has been internally generated, has already been spent on establishing its alliance with LVMH, the French champagne and cognac group; and on acquiring such brands and sales networks as IW Harper bourbon and Scoresby Scotch in the US, Asbach brandy in Germany, Bundaberg rum in Australia, and Pampero rum in Venezuela.

"But it would take a very big acquisition to shift the profits needle significantly," Mr Greener said, "and such opportunities are limited.

"It is the organic growth of our international brands that will drive us forward. The ultimate test for us is the management of our brand marketing."

Guinness has put together a largely new management team for the task. Of 31 operational directors, only 10 were with the company in 1986, and only three are doing roughly the same jobs.

But they are internationally experienced, and they have a marketing budget, estimated at £400m a year, for strengthening their already formidable brands. In declining spirits markets, such as the recession-hit US and UK, the group has gained market share and sustained high margins. "Strong brands always emerge from recession even stronger," says Mr Greener. "It is the weak brands that give way."

In fast-emerging growth markets such as Venezuela, Brazil and Mexico; in Japan, Thailand, and Taiwan; in Greece and Portugal; Guinness's spirits brands lead the premium and de-luxe sectors.

Targeted advertising and promotion encourages consumer aspiration. Brands positioned at successively higher price points offer opportunities to fulfil them step by step.

Thus the Johnnie Walker brand – the world's best-selling Scotch which accounts for 40 per cent of Guinness's profits – has been extended to cover a duty-free price range of $10 to $225 a bottle.

Trading up from two bottles of Johnnie Walker Red to a bottle of Johnnie Walker Black, according to Ms Proud, represents a 24 per cent increase in profit.

"Building brands, ensuring they remain relevant to the consumer, is a progressive, cumulative exercise," said Mr Greener. "It takes time, but we shall be doing it better five years from now and I see no reason why we should not achieve relatively strong rates of growth."

Unilever pays £16m to expand in Poland

By Guy de Jonquières, Consumer Industries Editor

Unilever, the Anglo-Dutch consumer products group, is to expand its presence in Poland by acquiring 70 per cent of a state-owned edible oil and fats manufacturer for $25m. (£16.4m). It has also agreed to invest $14m in the company in the next three years.

The company, Slaskie Zaklady Przemslu Tluszczowego (SZPT), produces about 45,000 tonnes of margarine and other oils and fats annually, and generated sales last year of $30m. Based near Katowice, it has two production centres and employs about 800 people.

The purchase price includes the assumption by Unilever of SZPT liabilities of almost $20m. Up to 20 per cent of SZPT's shares will be available for purchase by its staff, and Unilever has an option to acquire the remaining 10 per cent from the government after a year.

Unilever said it saw good opportunities to expand oil and edible fats sales in Poland, where consumption per head was below western European levels. Priorities would be to build up SZPT's output of branded products, establish a national distribution and sales network, and develop new products.

Unilever also said yesterday that it had acquired 49.9 per cent of Bake Off, Sweden's largest frozen dough producer, and an option to purchase the rest of the shares.

PPI creditors given hope of 10% return

By Andrew Bolger

CREDITORS of Polly Peck International could recover 10 per cent of their loans following the sale of the subsidiary, Del Monte Fresh Produce.

However, administrators have also warned that a dispute over how funds were routed could mean that creditors receive only 4p in the pound, or even nothing.

This range of forecasts comes in the latest six-monthly report to creditors by Polly Peck's administrators, Coopers and Lybrand. The figures do not take account of any possible recoveries by joint administrator Touche Ross, which is suing various parties on Polly Peck's behalf.

Polly Peck, the fruit, electronics and leisure conglomerate, collapsed with debts of £1.3bn in October 1990. The sale in August this year of its Del Monte subsidiary to a group of Mexican investors represented the best chance for the creditors of receiving a significant payment.

A total of $218m remained after repayment of a bank syndicate that financed the acquisition of Del Monte But administrators are uncertain whether a Polly Peck subsidiary was used to route funds for the original Del Monte acquisition.

If acquisition funds passed through Polly Peck Finance a group of 11 banks stood to gain as principal creditors of this subsidiary, the report said. This routing of funds would mean creditors of the parent would receive 4p in the pound. But if the funds did not pass through Polly Peck Finance general creditors could get 10p in the pound.

However, the report said there was a further claim against the Del Monte proceeds Holders of $110m of preference shares issued by Polly Peck Finance NV claim they rank senior to other creditors and should be fully repaid with interest, before other creditors. The administrators said they had been advised that preference holders rank equally with other creditors.

AF Budge put into receivership by banks

AF BUDGE, the privately owned construction group and the sixth largest road builder in Britain, has been put into receivership by its bankers, writes Paul Taylor.

Mr Tony Budge, chairman of the group which has an annual turnover of £150m, said the banks' decision had come as a surprise. "What we needed was some confidence and the sun to shine. Instead of that we ran into a brick wall," he said.

Although the group had suffered as a result of the slump in the construction sector, and had to carry the burden of an unlet office block in London's Docklands costing £6m a year, Mr Budge said: "We thought we could see clear water for the first time."

The group had used the proceeds from the management buy-out of its open-cast coal mining division earlier this year to repay £11m of subordinated debt and bank loans, including a £35m unsecured loan from Barclays.

The latter was replaced by a £20m loan facility provided by a syndicate of three banks, including Barclays. The group had reached the limit of this borrowing facility, but Mr Budge said the two institutional shareholders, Charterhouse and Prudential, had made new proposals to the syndicate.

However, it appears the banks could not agree on the proposal. As a result Coopers & Lybrand partners were appointed as receivers by County NatWest, acting as agent for the syndicate, which also included the Royal Bank of Scotland.

- Budge was due to sponsor today's big National Hunt horse race at Cheltenham. But Mr Tony Budge, who is a member of the Jockey Club, decided to end his connections with the sport after the receivers were called on Thursday.

Mr George Ward, of Grunwick, has stepped in to sponsor the race, which will be known as the Tripleprint Gold Cup.

Intangibles boost Lonrho

LONRHO'S profits for the year to the end of September 1992 were substantially boosted by a change in accounting policy on intangibles, a document to shareholders shows.

According to a circular issued by Lonrho yesterday on its proposed rights issue, its estimated net profit last year was £82m. Of this, £76m was made up of extraordinary profits, consisting of £150m from the sale of assets less losses on disposals and closure costs.

Lonrho has retrospectively written off the intangible value of its newspaper titles, consisting of the Herald and Evening Times in Glasgow and the Observer. The Glasgow papers, sold during the year for £75m, had an estimated intangible value of £50m. Without the accounting change, net profits would thus have been reduced to about £33m, compared with a dividend payment of £27m.

Net asset value per share at the end of the year was shown at 157p after the write-off of intangibles. Lonrho states that a full take-up of the proposed £164m rights issue, together with the £124m from the sale of the VAG motor subsidiary to Volkswagen, would reduce net asset value to 146p.

Hillsdown sells bed-making side

By Maggie Urry

Hillsdown Holdings, the food group which has been retreating from its non-food interests, has sold its bed-making interests, including Sleepeezee in the UK and businesses in France and Italy.

The buyer is Cauval Industrie, a French group. Hillsdown made a profit on the sale, the cash consideration of £17m exceeding the net asset value of £14m.

Mr David Newton, chief operating officer, said: "This is another significant step in the process of concentrating our interests on core activities."

In 1991 the non-food activities contributed 16 per cent of group operating profits.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Albion ....fin	1.8	Mar 10	1.3	3	2.5
Ball (AH) ....int	2.2†	Feb 14	2.2	-	7
Carr's Milling ....fin	2.9	Jan 29	2.9	3.9	3.9
Cheam Group ....int	4	Jan 29	3.5	-	7.5
Drayton Recovery ....fin	3.95	Jan 28	-	7.95	-
Mining & Allied ....fin	0.5	-	0.5	0.5	0.5
Narborough Plant ....fin	1♥	Dec 31	1	1.5	1.5
Osborne & Little ....int	2	Jan 27	2	-	4.35
Parkland Textile ....int	1	Jan 23	1	-	2
Southern Radio ....fin	0.794	Jan 22	-	0.794	-

Dividends shown pence per share net except where otherwise stated. †On increased capital. §USM stock. ♥Gross.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	122½	100	BTR Warrants 1997	107½	-1½	-	-	-	-
§220	F.P.	-	240	231	Critchley Group	237		L6.1	2.2	3.4	16.8
-	F.P.	-	103	100	For & Col. PEP Inv Tst	102		F3.38	-	4.4	-
90	F.P.	-	103	98	Hunters Armley	98	-4	W3.38	2.2	4.6	13.1
-	F.P.	-	33	30	Jos Hldgs Cap	33		-	-	-	-
-	F.P.	-	92	87	Do. Inc.	90		F11.5	-	17.0	-
-	F.P.	-	109½	101	Do. Zero Div. Pf	108½		-	-	-	-
165	F.P.	-	173	168	National Express	172	+1	W7.12	1.5	5.5	11.3
-	F.P.	-	1½	1½	‡Prime People Warrants	1½		-	-	-	-
-	F.P.	-	103	95	Second Consolidated	97		-	-	-	-
65	F.P.	-	194	73	Tadpole Technology	194	+48	-	-	-	-
120	F.P.	-	208	157	‡Fennel Diagnostics	174	-16	-	-	-	-
160	F.P.	-	190	165	Wetherspoon (J D)	190	+2	W4.9	2.6	3.4	15.3

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	112¼p	104¼p	Bristol Water 8¼pc Pf.	112p	
100p	F.P.	-	102¼p	100½p	Commercial Union 8¾pc Cm. Pf	101¼p	-¼
100	F.P.	-	113	104¼	MFC 7¼pc Cv. Bd. 2007	107½	
150p	Nil	-	31ppm	23ppm	Wassall Non-Int Brg. Cv ULS	23ppm	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1992 High	1992 Low	Stock	Closing Price p	+ or -
25	F.P.	1/3	20	10	Property Trust	14	
465	Nil	19/12	138pm	120pm	Tibbett & Britten	137pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. e Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ‡ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Dec. 7
- Last Dealings Dec. 18
- Last Declarations March 11
- For settlement March 22

3-month call rate indications are shown on page.

Calls in Arcon Res., Haden MacLellan, Prospect Inds., Rodime, Tadpole Tech., Taunton Cider, Walker Greenbank, Whitecroft and Wickes. Put in Taunton Cider. Double in Queens Moat Hses.

NEWS DIGEST

Carr's Milling in profit

WITH ALL trading sectors performing better, Carr's Milling Industries returned to pre-tax profits for the year ended August 29, making £277,000, against a loss of £228,000.

The profit was struck after rationalisation costs of £237,000 in the baking division. Below the line there were extraordinary charges of £405,000 covering a decision to withdraw from the loss-making egg production and packing business, which will be completed within the next few months.

Turnover rose to £70.8m (£68.9m) and included £2.6m from egg production and packing.

Earnings per share were 2.6p (losses 1.2p) and the final dividend is 2.9p for a maintained total of 3.9p.

Big improvement for Parkland

Parkland Textile, the woollen yarn, worsted cloth and clothing manufacturer, broke even at the trading level in the six months to August 28 but incurred a loss of £309,000 pre-tax after exceptional costs.

However, that was a substantial reduction on the £1.37m loss incurred for the comparable period. Losses per share were 4.8p (13.4p) and the interim dividend is again 1p.

Turnover rose nearly 23 per cent to £30.2m. That was a considerable improvement over the last two years but margins were still under pressure as a result of the poor retail marketplace, said Mr Denis Greenwood, chairman.

Exceptional costs of £317,000 related to reorganisation of the garment division on to two sites.

Core business behind 10% rise at IWP

IWP Group, the Dublin-based industrial holding company, increased profits by 10 per cent in the six months ended September 30.

The pre-tax line moved up from I£3.9m to I£4.31m (£4.63m), generated on turnover 4.5 per cent ahead from I£44.4m to I£46.4m.

Mr Joe Moran, chairman, said depressed markets continued to create problems for the group's businesses, but its household products division, which comprised the core of the group, had been trading "very satisfactorily".

The result for the small telecommunications division "is disappointing" he said.

Earnings per share advanced to 11.35p (10.3p) and the interim dividend is 3p (2.75p).

Osborne & Little in loss after disposal

Osborne & Little held its profit in the half year ended September 30 1992, but exceptional costs on the sale of the French subsidiary dragged it into loss.

Turnover of this maker of wallpapers and furnishing fabrics was £8.87m (£8.79m) and the resultant profit came to £394,000 (£384,000). But the exceptionals of £1.2m led to a pre-tax loss of £802,000.

Following the sale of Pardis, the level of gearing had fallen from 118 per cent at March 31 to 14 per cent.

Losses per share for the period totalled 13.48p (earnings 3.58p) but the interim dividend is held at 2p.

Cheam advances 20% to £1.41m

Cheam Group, the south of England water supplier, raised pre-tax profits by 20 per cent from £1.17m to £1.41m in the six months to September 30, 1992. Turnover climbed 15 per cent to £6.85m.

As part of its progressive dividend policy, the interim dividend has been lifted to 4p (3.5p). Mr Andrew Kennedy, the chairman, said the board looked forward to another successful year with its dividend policy being further reflected in the final payment.

Earnings per share came out at 15.2p (12.6p).

Unit well down at £14,000 halfway

Reflecting reduced volumes and margins, first half pre-tax profits at Unit Group fell from £122,000 to £14,000.

This maker of timber pallets and property investor saw its turnover fall from £11.3m to £9.79m in the six months ended September 30 1992. Earnings per share were 0.2p (1.4p).

Devaluation of sterling had increased raw material costs and added to the pressure on margins. The directors were continuing to reduce the cost base of the group.

£0.77m for enlarged Southern Radio

Southern Radio, which broadcasts in Kent, Sussex, Hampshire and the Isle of Wight, achieved a pre-tax profit of £774,000 for the year ended September 30 1992.

The results are the first since the merger between Southern Radio and Radio South, and include the latter from December 6 1991. In the previous year there was a loss of £363,000 after exceptional charges of £382,000.

In the current year, revenue had been encouraging, although trading in the south-east continued to be short-term and unpredictable.

Earnings per share in the year came to 2.02p (losses 3.51p). The dividend is 0.794p.

Bad debts pull back John Swan

John Swan & Sons, the Scottish livestock auctioneer and estate agent, was hit by bad debts in the half year ended October 31 1992, but held on to its profit.

The directors said what should have been the most successful six month period of trading for the company had been marred by the necessity to provide for potential debts of £98,000.

As a result, from turnover increased by 18 per cent to £762,600 (£646,300) the pre-tax profit was a little behind at £162,700 (£166,800). Earnings per share came to 18.2p (18.6p).

AH Ball blames fall on lack of activity

AH Ball Group, the pipe laying for the water industry process control systems company, reported pre-tax profits down 22 per cent at £407,000, against £524,000, in the six months to the end of September.

The company blamed activity being lower than expected. It added that prospects for the rest of the year were uncertain. The shares of the company, which moved up to a listing during the period, fell 10p to 125p.

Turnover declined to £2.89m (£3.42m). Earnings per share came out at 3.48p (5.2p) but the interim dividend is being maintained at 2.2p on capital increased by the payment for KD Process International.

25% growth pushes Albion to £774,000

A near 25 per cent increase saw Albion produce a pre-tax profit of £774,000 in the year ended September 30 1992, against £620,000.

Turnover of the group, which manufactures tailored mens wear and is based in Northern Ireland, rose 15 per cent, from £13.6m to £15.6m.

Earnings per share came through at 15.5p (9.8p) and the final dividend is 1.8p to lift the total to 3p (2.5p).

Mining Supplies prospects improve

Mining & Allied Supplies saw its pre-tax profit fall substantially from £281,000 to £41,000 in the year ended September 30 1992, but there were some signs of improvement.

Mr Daniel Slabbert said he believed the increased level of sales experienced over the last two months was an indication that the worst was now past.

Price rises by principal manufacturers of products distributed by the group could lead to increased profitability, he added.

Anti-Friction Components, the distributor of bearing and power transmission components acquired in September, will form the cornerstone of growth in the UK in 1993.

After a tax credit, earnings per share were unchanged at 0.5p, and those are wholly distributed as a maintained dividend. Extraordinary charges of £150,000 represented the closing of the fabrication division.

Small pay cut for Lord Hanson

By Maggie Urry

LORD HANSON, the chairman of Hanson, the Anglo-American industrial conglomerate, has taken a small pay cut. His remuneration fell from £1.38m to £1.35m according to the company's annual report.

In his statement Lord Hanson took a swipe at the Cadbury Committee on corporate governance. He said: "Much has been said recently about corporate governance but most of the advice has been long on accountability and short on encouraging efficiency and enterprise."

He said the group's directors and associates held 17m shares, 0.4 per cent of the share capital, between them, an average of half a million each. However, Lord Hanson holds 6m shares himself and Mr Robert Hanson, his son and also a director, holds 3.75m shares. The total holding is worth about £40m at yesterday's close of 223¼p, down from 226p.

The accounts also show that Mr David Clarke, chief executive of Hanson's US operations, could receive 14.4 per cent of an annual fee of $1.1m (£720,000) relating to his personal holding in MariFarms, a 46.8 per cent owned associate of Hanson.

After the September 30 year end MariFarms bought Marine Harvest, Unilever's Scottish fish farming business, for $39m. This was financed by a $31.8m private placement of preferred stock issued to Prudential Insurance of America. Prudential has the right to sell the preferred stock back to Hanson and Mr Clarke if MariFarms fails to redeem the stock by October 31 1995. The annual fee will be paid as long as the put option is unexercised.

The accounts also show that Hanson made charitable donations of £721,000 in the UK, down from £786,000, included in a worldwide total of £2.4m (£1.8m), less than 0.2 per cent of pre-tax profits of £1.29bn (£1.32bn). One project Hanson supported was St Tiggywinkle's Wildlife Hospital Trust, where Hanson donated the materials to build a wildlife teaching hospital.

Donations of £100,000 to the Conservative Party and £15,000 to the Centre for Policy Studies were unchanged.

Howden shares rise 7p after MT settlement

By Andrew Bolger

Shares in Howden Group rose 7p to 58p after the Glasgow-based engineering group finally announced settlement of a long-running dispute over tunnelling machines it supplied to Denmark.

MT Group, the international consortium responsible for building twin rail tunnels under the Great Belt Straits in Denmark, has agreed to pay Howden a total of £7.3m by June 30. Howden could also earn a further £1m from a bonus scheme.

This payment ends a bitter wrangle with MT Group which has caused Howden heavy losses, a crash in its share price and last year forced the group into a £30m rights issue to rebuild its balance sheet.

Howden said the amounts receivable under this settlement were less than the debtor amount currently carried on the group's balance sheet, and there would therefore be an exceptional charge of not more than £2.5m against profits in the year to April 30.

Mr Konrad Johnsen, Howden's chief executive, said: "This agreement is good news for Howden – it enhances cash flow, it removes the uncertainty and potentially large costs associated with major legal actions and it releases valuable management resources to enable us to concentrate fully on the day-to-day running of the businesses."

Thames settles movie rights row with ITV Association

By Raymond Snoddy

THAMES TELEVISION and the ITV Association yesterday reached an out-of-court settlement in their row over film rights.

Under the deal, Carlton Television, which takes over the London weekday ITV licence from Thames on January 1, will pay a total of £13.1m for the right to show several hundred films in the London area.

Thames will get £8.5m on January 1 and Carlton will also take on liabilities of $7.27m (£4.78m) for film rights bought but not yet paid for.

Before yesterday's settlement – just before a High Court case was due to be heard – Carlton had offered a total of £6.8m, including liabilities.

Thames issued writs against the ITV Association after the television trade body decided that film rights were bought collectively by the ITV system and could not be retained by Thames when it was no longer an ITV company.

The ITV Association said it was removing Thames rights over the films and only giving it use of the films until the end of December. ITV also claimed the right to arbitrate on any compensation for Thames.

Yesterday's agreement left both sides happy. The deal was £3.5m more than the Thames book value of the rights and Carlton had budgeted a higher amount.

As a result, several hundred films will not be available to Thames to show on Channel 5 if the Independent Television Commission decides the new channel should go ahead.

Thames, its parent Thorn EMI and Time Warner have effectively underwritten 70 per cent of the financing of the £150m venture. A number of other potential shareholders, including Pearson, owner of the Financial Times and Cox, the large US media group, have also written to the ITC saying they are interested in investing.

The ITC will decide on Thursday whether or not the Thames-led bid – the only one to be submitted – has passed the quality threshold on financing and programme plans.

Wassall puts pressure on Evode

By Roland Rudd

WASSALL, the mini-conglomerate that has made a £94.3m hostile bid for Evode, yesterday said the chemical group was close to breaching a further covenant which could trigger immediate redemption of its $43m (£28m) US redeemable shares.

Evode has already admitted it had been in breach of its interest covenants relating to the $43m unlisted US redeemable shares since March 1991.

But it argues that the breach is of no concern because shareholders had waived their rights, from the breach of covenants, to appoint a director to Evode's board. In a document sent to Evode's shareholders, Wassall said the company was in danger of breaching a further covenant that would allow holders of the US redeemable preference shares to demand immediate repayment.

Evode said it was close to breaching another covenant but only because of the change in accounting rules. It said it was confident of modifying the covenants with the two US preference shareholders, US West, one of the US "baby Bell" telecommunications companies, and GE Capital.

Wassall said Evode was the worst performing manufacturing company out of 12 chemical groups.

Mr Andrew Simon, Evode's chairman, said Wassall's figures were misleading and that the recent 40 per cent increase in pre-tax profits for the 53 weeks to October 3, from £7.3m to £10.2m, underlined the argument that Wassall's 80p a share offer undervalued the company. Evode's shares fell 2p to close at 94p.

Launch of smaller companies champion

By Peggy Hollinger

CITY advisers and investors yesterday launched a pressure group aimed at championing the cause of smaller companies, which represent some 80 per cent of the stock market.

It comes amid widespread reports that the Stock Exchange is set to recommend the closure of the Unlisted Securities Market in a consultative document expected before Christmas.

The Stock Exchange yesterday said that although it already consulted widely with a large number of parties on matters affecting the market, it "welcomes the opportunity to focus that consultation".

The City Group of Smaller Companies (Cisco) has been founded by 17 firms covering a range of market players from venture capitalists to brokers. It has one full-time executive, Mr Richard Balarkas, former head of national market development in the Stock Exchange.

Cisco, which will meet regularly, will focus on issues such as: the need for a secondary market in smaller company shares, the progress of the Stock Exchange Alternative Trading System; and investment trends in the sector.

Fragmentation of the market was another concern. The Stock Exchange could "only maintain its monopoly if it continued to provide for the needs of its members", said Mr Andrew Beeson of Beeson Gregory and a founding member. "If we were not able to get the Stock Exchange to operate an effective market then we would have to look at alternatives."

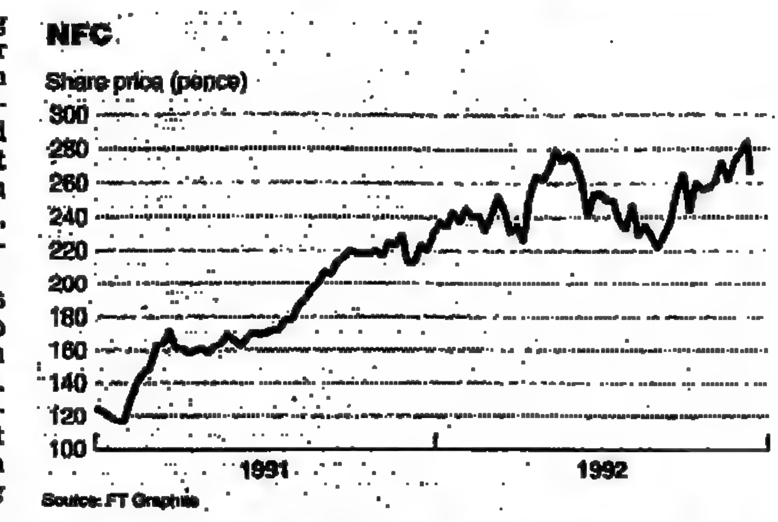
Cisco would also seek to influence regulatory bodies in any decisions which might affect the sector. For example, it was considered necessary that smaller companies received some concessions on main market requirements if the USM was dismantled. Mr Brian Winterflood of Winterflood Securities, said that although he would be happy with a decision to close the USM, it was crucial the Stock Exchange did not "lose that focus on smaller companies and the way we treat them".

NFC's logistic success set to survive pension fund glitch

The company's record is strong, reports Angus Foster

Companies announcing results when their shares are touching an all-time high are prone to accidents. NFC, the transport and logistics company that changed its name from National Freight Corporation, learnt this lesson on Wednesday.

NFC's 3 per cent profits decline to £91m for the year to October 3 was expected, given recession in its main markets. But a much higher than expected £14.5m pension fund credit led some analysts to question the company's real underlying earnings growth.



Source: FT Graphite

"NFC is a very high quality company with one of the best managements in the market-place," according to Mr Ian Wild of BZW. "Over the long term it should realise quite a lot of potential. The worry is whether it realises its full potential," he said.

The shares, which stood at 284p before the announcement, have been slipping ever since and closed yesterday at 256p.

Mr James Watson, chairman, admitted the company had not "done our PR very well". "It was the surprise of it and we've got to say we're sorry," he said. But he rejected suggestions about the quality of the company's earnings.

He said most of the pension credit was taken in NFC's transport division, where it was almost cancelled out by restructuring costs. The incident was unfortunate, and probably accelerated an overdue bout of profit-taking.

But it does not raise doubts about more significant, longer term changes at NFC – its success within logistics and moves overseas.

NFC has developed rapidly since its £53.5m employee-led buy out from the government in 1982. The previously dominant transport division, which offered vehicle hire and transport services through BRS and Lynx, has been overtaken in terms of profits and employees by logistics, which provides warehousing and distribution services under the Exel name to retailers and manufacturers.

Meanwhile, NFC is losing its reputation as a bell-wether for the UK economy. Some of its businesses, like truck hire and Allied Pickford home removals, will always be quick into and out of recession. But revenues from long-term contracts, less exposed to the economic cycle, have almost doubled, to about 55 per cent.

As NFC has moved into the US and continental Europe, overseas earnings have risen from almost nothing to nearly 40 per cent. Mr Watson is convinced this growth can continue. Logistics services are more developed in the UK than elsewhere, partly because of deregulation and partly because big food retailers like Sainsbury and Tesco, two of NFC's biggest clients, moved to "just-in-time" delivery and contracted out distribution.

Although the process started with food retailers, NFC now provides logistics and warehousing services to non-food retailers, including Marks and Spencer and manufacturers, such as Ford.

Mr Watson estimated that in the UK about 50 per cent of the distribution and logistics market had been contracted to specialists. In the US and continental Europe, the figure is closer 10 per cent. NFC is targeting these markets, and spent £75m last year buying companies and infrastructure.

"Our belief is that the revolution we have seen here in the UK will also happen in Europe and the US," Mr Watson said.

Operating profits from logistics reached £46.8m last year, compared with £31.5m two years ago. Investment in the US and Spain is largely complete, although NFC remains weak in other European markets, such as Germany.

Profits from the US dipped £1.5m to £26m last year, mainly due to one-off reorganisation costs. This compared with profits of £72.7m in the UK. But the difference is set to narrow, especially if the US recovery continues and the UK remains flat. "I would be very disappointed if we didn't see a very significant increase in US profitability this year," Mr Watson said.

Attention has now turned to Europe, although NFC is unlikely to spend as much this year as last on new ventures. A sharp rise in gearing from 29 per cent to 55 per cent unnerved some analysts. But NFC employees still hold 45 per cent of the shares, making a rights issue difficult.

This suggests gearing will remain high, although interest cover is comfortable at 12.2 times.

The company usually gives "best views" on future profits at its annual meetings in February. Until then, analysts are pencilling in profits of £100m. Some argue that the pension credit and gearing questions will overshadow the shares further, to about 240p before recovery.

But institutions are often underweight in NFC because of the high proportion of employee shareholders. Some institutions may decide last week's share price fall provides a buying opportunity. "The shares are still not cheap, but after this week's correction they are a strong hold," one stockbroker said.

ECONOMIC DIARY

TODAY: European Council summit meeting in Edinburgh. National Savings results (November).

TOMORROW: Uruguayan referendum on 1991 privatisation law.

MONDAY: National Food Survey: household food consumption (third quarter). European Parliament in plenary session in Strasbourg. EC economic and finance ministers meet in Brussels. EC agriculture council meets in Brussels. Financial Times conference "World Pulp and Paper" in London.

TUESDAY: Company liquidity (third quarter). CBI survey of distributive trades (November). Producer price index numbers (November). Index of production (October). US current account (third quarter); business inventories (October). Mr Helmut Kohl, German chancellor, visits Moscow for talks with Mr Boris Yeltsin, president of Russia. EC environment ministers meet in Brussels. Launch of findings from Economic and Social Reasearch Council.

WEDNESDAY: Public sector borrowing requirement (November). Retail sales (November). US housing starts-building permits (November). Mr John Major, prime minister, at European Parliament meeting in Strasbourg.

THURSDAY: Labour market statistics: unemployment and unfilled vacancies (November-provisional); average earnings indices (October-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Labour Force Survey (June-August). Provisional figures of vehicle production (November). Nato foreign ministers meet in Brussels.

FRIDAY: CBI monthly trends enquiry (December). Building societies monthly figures (November). Major British banking groups' monthly statement (November). Provisional estimates of monetary aggregates (November). UK balance of payments (third quarter). Mr John Major attends US/EC summit in Washington.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-Actuaries All-Share

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri Dec 11 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Thu Dec 10 Index No.	Wed Dec 9 Index No.	Tue Dec 8 Index No.	Year ago (approx) Index No.	1992 High		1992 Low		Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (175)	802.48	.....	7.04	5.34	18.52	30.03	802.53	803.18	806.63	749.60	929.04	20/5	664.23	9 /9	1038.07 16/7 /87	50.71 13/12/74
2	Building Materials (23)	806.05	+0.8	6.33	6.70	22.53	37.11	799.87	791.52	791.15	900.53	1121.52	11/5	617.65	9 /9	1381.08 16/7 /87	44.27 11/12/74
3	Contracting, Construction (26)	646.14	.....	4.25	7.67	64.16	37.49	646.25	648.72	651.97	918.23	1069.64	11/5	485.72	9 /9	1951.50 16/7 /87	71.48 2 /12/74
4	Electricals (9)	2298.64	+2.7	7.31	6.58	17.89	108.10	2237.73	2280.03	2290.05	2380.04	2758.50	22/5	1874.89	20/10	3040.80 8 /9 /89	84.71 25/6 /62
5	Electronics (28)	2179.49	+0.1	7.05	3.96	18.00	51.29	2177.91	2170.97	2187.77	1687.23	2242.58	30/11	1655.93	13/1	2308.22 19/5 /89	1229.01 8 /10/85
6	Engineering-Aerospace (6)	266.92	+1.1	13.27	8.80	9.60	15.92	263.98	264.07	268.97	331.38	406.10	20/5	243.47	24/11	502.42 13/6 /90	243.47 24/11/92
7	Engineering-General (43)	465.27	-0.3	8.64	5.06	14.77	16.90	466.63	468.52	470.50	457.14	567.62	20/5	409.31	9 /9	567.62 20/5 /92	339.57 23/1 /91
8	Metals and Metal Forming (7)	295.39	-0.3	5.76	4.36	25.33	8.52	296.17	301.72	301.27	308.53	379.31	18/5	255.51	8 /9	596.67 9 /10/87	49.65 6 /1 /75
9	Motors (15)	347.34	-0.3	5.86	6.77	24.91	17.59	348.35	350.11	350.77	292.91	403.06	21/5	274.42	1 /9	411.42 13/10/87	19.91 6 /1 /75
10	Other Industrials (18)	1856.37	-0.6	6.72	4.52	17.97	61.23	1866.98	1870.81	1878.48	1503.51	1906.65	11/5	1480.17	9 /9	1906.65 11/5 /92	277.56 15/1 /81
21	CONSUMER GROUP (192)	1700.34	-0.1	6.87	3.44	18.09	41.31	1701.42	1719.97	1733.87	1553.23	1761.38	11/5	1446.17	25/8	1761.38 11/5 /92	61.41 13/12/74
22	Brewers and Distillers (25)	1970.03	+0.3	8.44	3.84	14.35	43.06	1963.27	1989.74	2035.16	1912.81	2278.85	11/5	1812.14	5 /10	2278.85 11/5 /92	69.47 13/12/74
25	Food Manufacturing (19)	1274.50	-0.2	8.25	4.20	15.13	39.42	1277.65	1286.17	1288.90	1215.42	1327.80	11/5	1064.95	10/9	1327.80 11/5 /92	59.67 11/12/74
26	Food Retailing (18)	3121.45	-0.9	8.25	3.01	15.77	70.26	3148.66	3149.63	3220.54	2381.59	3220.54	8 /12	2293.80	10/1	3220.54 8 /12/92	54.25 11/12/74
27	Health and Household (26)	4349.96	+0.2	5.12	2.61	22.73	87.89	4341.70	4404.40	4394.24	4157.43	4654.94	14/1	3648.63	26/8	4664.94 14/1 /92	175.38 28/5 /80
29	Hotels and Leisure (18)	1195.29	+0.4	6.99	5.76	18.79	46.03	1190.94	1208.67	1220.73	1214.24	1450.36	13/5	898.80	16/9	1845.77 8 /9 /89	54.83 9 /1 /75
30	Media (26)	1745.62	-0.2	5.79	3.04	21.53	38.77	1748.36	1753.09	1740.03	1325.23	1753.09	9 /12	1376.55	25/8	1753.09 9 /12/92	1166.91 16/1 /91
31	Packaging, Paper & Printing (17)	751.75	-0.1	6.95	4.33	17.85	24.33	752.27	761.49	764.51	726.98	875.53	13/5	633.17	16/9	875.53 13/5 /92	43.46 6 /1 /75
34	Stores (33)	1108.28	-0.3	6.60	3.28	20.07	26.44	1111.40	1130.17	1144.54	993.59	1144.54	8 /12	907.08	25/8	1160.58 29/7 /87	52.63 6 /1 /75
35	Textiles (10)	700.40	-0.8	6.79	4.35	18.57	23.43	705.82	705.63	703.78	591.36	756.70	8 /5	551.94	25/8	914.52 2 /10/87	62.66 11/12/74
40	OTHER GROUPS (115)	1369.17	-0.9	9.13	5.09	13.59	43.52	1381.36	1392.58	1402.68	1184.52	1407.45	1 /12	1140.56	3 /4	1407.45 1 /12/92	58.63 6 /1 /75
41	Business Services (17)	1389.85	-0.2	6.38	3.66	19.19	34.10	1393.31	1399.66	1414.83	1387.98	1511.16	11/5	1160.34	1 /9	1511.16 11/5 /92	892.28 1 /2 /91
42	Chemicals (22)	1372.80	-0.8	6.66	5.34	19.00	54.36	1383.59	1382.74	1377.42	1368.78	1629.99	8 /5	1243.05	1 /9	1629.99 8 /5 /92	71.20 1 /12/74
43	Conglomerates (10)	1316.44	-1.5	9.93	9.00	12.48	40.93	1335.93	1359.45	1360.65	1278.64	1509.94	11/5	1087.92	2 /9	1819.46 11/8 /89	975.19 10/11/87
44	Transport (13)	2599.86	-0.6	8.73	4.58	13.72	88.31	2616.84	2633.80	2657.01	2273.57	2790.11	20/5	2133.26	26/8	2790.11 20/5 /92	90.80 29/6 /62
45	Electricity (16)	1488.25	-1.6	14.44	5.07	8.90	55.01	1512.95	1519.48	1525.90	1226.97	1569.04	19/11	1044.63	7 /4	1569.04 19/11/92	994.96 7 /1 /91
46	Telephone Networks (4)	1602.54	-0.8	8.32	4.27	15.63	48.48	1615.17	1623.99	1653.95	1389.95	1699.21	1 /12	1274.20	3 /4	1699.21 1 /12/92	517.92 30/11/84
47	Water (11)	3157.37	-0.2	14.42	5.60	7.67	95.06	3162.63	3195.02	3210.56	2297.91	3357.97	11/11	2140.95	8 /4	3357.97 11/11/92	1820.20 1 /5 /90
48	Miscellaneous (22)	2385.25	-0.8	5.95	4.25	20.76	60.58	2405.23	2448.67	2456.72	1741.75	2456.72	8 /12	1770.94	3 /1	2456.72 8 /12/92	60.39 6 /7 /75
49	INDUSTRIAL GROUP (482)	1369.76	-0.3	7.64	4.31	16.37	39.71	1374.22	1385.59	1395.53	1233.91	1427.97	11/5	1168.49	1 /9	1427.97 11/5 /92	59.01 13/12/74
51	Oil & Gas (18)	2096.03	-0.2	6.37	6.19	20.64	103.27	2100.74	2111.13	2116.82	2208.28	2226.66	2 /1	1756.72	7 /8	2528.70 3 /8 /90	87.23 29/5 /62
59	500 SHARE INDEX (500)	1439.35	-0.3	7.51	4.50	16.72	44.69	1443.89	1455.36	1465.14	1319.35	1493.99	11/5	1228.86	26/8	1493.99 11/5 /92	63.49 13/12/74
61	FINANCIAL GROUP (82)	832.88	-0.4	-	5.27	-	32.17	836.28	839.50	841.13	714.86	857.10	30/11	631.13	25/8	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	1138.71	-0.2	5.40	4.89	27.75	40.52	1141.19	1148.78	1145.74	843.87	1205.51	10/11	790.95	3 /4	1205.51 10/11/92	62.44 12/12/74
65	Insurance (Life) (6)	1689.73	-2.1	-	5.38	-	68.18	1725.34	1741.41	1738.16	1418.00	1741.41	9 /12	1243.61	6 /4	1741.41 9 /12/92	44.88 2 /1 /75
66	Insurance (Composite) (7)	607.79	-0.7	-	4.96	-	22.58	611.97	607.67	616.29	504.96	647.86	30/11	418.66	27/7	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (10)	715.30	+1.3	8.69	7.46	15.45	47.71	706.06	701.38	703.03	989.65	1031.35	27/1	527.43	25/8	1399.56 17/7 /87	65.86 16/12/74
68	Merchant Banks (6)	462.22	-0.3	-	4.95	-	16.75	463.82	470.21	475.50	453.57	521.89	22/5	395.41	28/8	547.59 12/10/87	31.21 7 /1 /75
69	Property (30)	605.95	+0.3	8.97	6.96	14.62	28.61	603.85	602.82	610.83	814.60	799.69	20/1	464.71	16/9	1398.87 5 /9 /89	56.01 20/4 /65
70	Other Financial (14)	273.81	+0.1	7.32	6.12	17.98	10.81	273.54	272.85	272.73	229.80	273.81	11/12	215.81	2 /9	603.48 16/7 /87	33.29 17/12/74
71	Investment Trusts (69)	1259.67	-0.4	-	3.44	-	31.02	1264.67	1267.39	1268.75	1149.05	1281.63	1 /12	1024.12	25/8	1323.81 4 /1 /90	71.12 13/12/74
99	ALL-SHARE INDEX (651)	1293.13	-0.3	-	4.57	-	41.18	1297.40	1306.79	1314.54	1174.88	1326.36	11/5	1086.13	25/8	1326.36 11/5 /92	61.92 13/12/74

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Fri Dec 11	Day's change %	Thu Dec 10	Accrued interest	xd adj. 1992 to date
	British Government					
1	Up to 5 years (24)	128.35	+0.18	128.13	2.75	11.20
2	5-15 years (23)	145.32	+0.34	144.83	2.33	12.77
3	Over 15 years (8)	152.66	+0.48	151.92	2.15	11.89
4	Irredeemables (6)	171.15	+0.08	171.01	1.51	13.68
5	All stocks (61)	142.03	+0.30	141.60	2.49	12.35
	Index-Linked					
6	Up to 5 years (2)	183.37	+0.08	183.23	0.78	3.68
7	Over 5 years (11)	163.39	+0.29	163.09	1.26	4.21
8	All stocks (13)	164.87	+0.26	164.58	1.20	4.11
9	Debs & Loans (62)	123.00	-0.10	123.12	2.44	11.13

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 11	Thu Dec 10	Year ago (approx.)	1992 High		1992 Low	
	British Government								
1	Low	5 years	7.33	7.37	8.63	10.03	15/9	6.80	9 /11
2	Coupons	15 years	8.23	8.27	9.32	9.72	1 /4	8.06	12/11
3	(0%-7¾%)	20 years	8.46	8.49	9.32	9.72	1 /4	8.34	12/11
4	Medium	5 years	7.60	7.65	9.63	10.28	1 /4	7.11	11/11
5	Coupons	15 years	8.65	8.70	9.44	9.82	1 /4	8.47	11/11
6	(8%-10¾%)	20 years	8.81	8.85	9.41	9.76	1 /4	8.71	12/11
7	High	5 years	7.84	7.88	9.87	10.50	1 /4	7.35	9 /11
8	Coupons	15 years	8.94	8.98	9.50	9.96	1 /4	8.76	11/11
9	(11%-)	20 years	9.02	9.05	9.43	9.90	5 /10	8.87	11/11
10	Irredeemables (Flat Yield)		8.87	8.87	9.51	9.92	2 /4	8.69	11/11
	Index-Linked								
11	Inflation rate 5%	Up to 5yrs.	2.50	2.69	3.99	5.06	16/9	2.25	11/11
12	Inflation rate 5%	Over 5 yrs.	3.93	3.99	4.35	4.76	16/9	3.67	30/10
13	Inflation rate 10%	Up to 5 yrs.	1.62	1.92	3.30	4.23	16/9	1.50	13/11
14	Inflation rate 10%	Over 5 yrs.	3.73	3.81	4.16	4.56	16/9	3.49	30/10
15	Debs &	5 years	8.94	8.96	11.16	11.51	6 /4	8.62	11/11
16	Loans	15 years	9.89	9.89	11.00	11.22	6 /4	9.68	11/11
17		25 years	10.10	10.10	10.84	11.02	6 /4	9.93	11/11

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

The FT- Actuaries All Share Index is calculated by the Financial Times Limited in conjunction with the Institute of Actuaries. The FT-SE 100, FT-SE 250 and the FT-SE Actuaries 350 Indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by the The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited.

LIFFE EQUITY OPTIONS

Option		Calls Jan	Calls Apr	Calls Jul	Puts Jan	Puts Apr	Puts Jul
Allid Lyons (*614)	600	27	44	54	15	25	40
	650	7½	22	30	46	53	70
ASDA (*52)	50	7	9½	12	4	6½	8
	60	2½	5	6	10	13	14
Brit. Airways (*279)	260	27	36	41	5	11	18
	280	15	25	30	2	19	28
SmKl Bchm A (*522)	500	36	49	63	8	18	25
	550	11	23	36	35	44	49
Boots (*523)	500	36	50	57	7	14	23
	550	10	22	30	30	38	47
B.P. (*222)	220	12	16½	21	7	11½	17
	240	4	8½	12½	20	24	29
British Steel (*53)	50	6	8½	10½	3½	5½	7
	60	2	4½	7½	9	11	13
Bass (*609)	600	22	39	53	25	34	45
	650	6	19	32	64	68	77
C & Wire (*646)	600	57	73	86	6½	14	25
	650	24	41	56	25	34	48
Courtaulds (*563)	550	35	50	60	15	26	38
	600	10	27	37	46	54	67
Com. Union (*586)	550	48	58	68	6½	20	28
	600	17	30	41	28	46	54
Fisons (*208)	200	21	34	412	13	22	25
	220	13	23	32	22	32	38
GKN (*422)	420	22	24	31	16	30	36
	460	4½	10	17	44	58	63
Grand Met. (*430)	420	22	35	47	16	23	28
	460	6	16	28	42	47	51
I.C.I. (*1015)	1000	48	66	80	24	48	68
	1050	24	40	58	50	90	98
Kingfisher (*561)	550	30	45	56	16	26	37
	600	9	22	32	48	54	66
Ladbroke (*178)	160	26	29	32	5½	12	17
	180	14	21	26	13	22	29
Land Secur (*416)	390	33	42	46	3	6½	16
	420	11	22	27	13	17	31
M & S (*316)	300	24	34	38	5	9	15
	330	8	16	23	17	23	29
Sainsbury (*528)	500	40	54	62	7	14	18
	550	12	24	35	32	35	43
Shell Trans. (*546)	500	54	57	65	2	8½	12½
	550	16	22	34	16	30	33
Storehouse (*189)	180	15	20	25	6½	11	16
	200	6	11	16	18	22	27
Trafalgar (*81)	80	5	8	11	5	8	11
	90	2½	4½	7	13	15	17
Utd. Biscuits (*334)	330	17	25	30	10	19	23
	360	5½	12	17	29	39	41
Unilever (*1065)	1050	41	60	77	18	36	48
	1100	17	38	50	48	60	75

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*139)	130	20	26	31	12	21	26
	140	16	21	30	20	27	32
BAA (*782)	750	57	75	85	16	26	34
	800	28	47	58	38	50	60
BAT Inds (*947)	900	76	87	99	16	35	43
	950	46	58	72	33	59	67
BTR (*510)	500	31	37	45	15	26	30
	550	9	14	22	45	56	60
Brit. Telecom (*385)	360	12	22	28	20	24	28
	390	12	22	28	20	24	28
Cadbury Sch (*456)	420	45	50	56	6	14	20
	460	21	27	35	21	34	37
Eastern Elec (*396)	370	35	44	-	9	15½	-
	400	16½	27	24	30	-	-
Guinness (*477)	460	41	52	62	14	25	32
	500	21	31	40	35	47	53
GEC (*259)	240	24	29	32	4	6	11
	260	9½	17	21	11½	14½	20
Hanson (*223)	220	10	15	18	9	12½	15
	240	4	7½	10	22	25½	27½
LASMO (*144)	140	17	22	25	10	17	20
	160	9	13	16	20	28	32
Lucas Inds (*128)	120	20	23	27	10	15	18
	130	14	19	22	15	20	24
P. & O. (*452)	420	54	62	70	13	30	36
	460	30	42	47	30	50	58
Pilkington (*85)	80	10	17	19	8	12	14
	90	7	13	15	13	17	20
Prudential (*280)	280	16	22	25	12	18	22
	300	8½	13	17	23	31	34
R.T.Z. (*637)	600	60	69	79	12	25	32
	650	29	39	52	33	50	57
Scot. & New (*438)	420	24	36	48	15	21	30
	460	8	18	25	40	42	53
Tesco (*244)	240	17	22	26	10	14	15
	260	8	13	17	21	26	29
Thames Wtr (*474)	460	32	43	47	9	15	23
	500	12	22	26	30	34	44
Vodafone (*408)	390	31	47	53	16	24	29
	420	17	29	38	32	40	46

Option		Calls Dec	Calls Mar	Calls Jun	Puts Dec	Puts Mar	Puts Jun
Abbey Nat. (*355)	330	28	38	41	1½	11	14
	360	6	21	24	11	26	29
Amstrad (*24)	20	5½	6½	7½	½	2½	3
	25	2	3½	4½	3	4	5
Barclays (*376)	360	23	38	42	3½	22	27
	390	5½	22	27	18	40	43
Blue Circle (*176)	160	19	30	34	2½	13	22
	180	6	20	25	12	23	32
British Gas (*265)	260	9	20	23	3	8	15
	280	1½	10	13	15	19	27
Dixons (*257)	240	23	33	42	3	12	17
	260	8	24	31	8	21	27
Eurotunnel (*345)	330	25	47	59	5	23	30
	360	6	32	44	24	37	50
Glaxo (*807)	800	25	59	83	15	48	60
	850	6	37	61	46	75	88
Hillsdown (*110)	110	5	16	19	5	13	19
	120	2½	11	15	12	19	25
Lonrho (*73)	70	5½	9½	13	2½	8½	11
	80	2	6	10	8	15	17
HSBC 75p shs (*469)	460	22	47	56	10	30	45
	500	5	31	40	35	54	68
Natl Power (*268)	260	14	21	29	2½	11	13
	280	3½	13	19	12	21	24
Reuters (*1351)	1350	28	87	120	25	75	95
	1400	10	65	97	58	97	120
R. Royce (*102)	100	5	11½	14½	4	11	13
	110	2	8	9½	10½	17½	19
Scot Power (*230)	220	11	15	21	2	8	10
	240	2	5½	11	14	20	22
Sears (*95)	90	7	13	15	1½	5	8
	100	2½	7	10	6	10	13
Forte (*167)	160	11	24	26	4	13	21
	180	2½	13	17	15	24	32
Thorn EMI (*812)	800	24	43	62	12	37	44
	850	4	21	37	50	68	75
TSB (*137)	130	10	15	17	1½	7½	10
	140	3	9	12	5	13	16
Vaal Reefs (*528)	25	5	6½	6	1	2½	3
	30	2½	3½	3	2½	7	6½
Wellcome (*1012)	1000	34	77	95	14	50	65
	1050	11	57	83	45	75	95

EURO FT-SE INDEX (*2714)

	2575	2625	2675	2725	2775	2825	2875	2925
CALLS								
Dec	157	109	65	27	8	2	1	½
Jan	180	138	102	70	46	28	16	8
Feb	-	165	-	100	-	52	-	25
Mar	-	185	-	120	-	70	-	40
Jun	-	225	-	163	-	110	-	70
Sep	-	256	-	195	-	140	-	100
PUTS								
Dec	1½	4	8	22	54	98	147	198
Jan	17	25	37	57	80	113	152	195
Feb	-	45	-	78	-	131	-	202
Mar	-	55	-	85	-	142	-	205
Jun	-	86	-	115	-	160	-	220
Sep	-	-	-	-	-	-	-	-

FT-SE INDEX (*2714)

	2550	2600	2650	2700	2750	2800	2850	2900
CALLS								
Dec	183	134	86	45	16	3½	1½	1
Jan	200	156	118	83	56	34	21	11
Feb	219	179	143	111	83	60	42	29
Mar	239	200	163	131	102	80	60	45
Jun †	-	238	-	174	-	125	-	82
PUTS								
Dec	1	2½	4	14	40	86	136	186
Jan	16	21	34	50	73	104	143	186
Feb	28	38	52	70	94	123	156	195
Mar	37	48	63	83	105	133	165	203
Jun †	-	73	-	110	-	158	-	221

December 11 Total Contracts 20,229
Calls 11,423 Puts 8,806
FT-SE Index Calls 2,835 Puts 3,510
Euro FT-SE Calls 899 Puts 328
*Underlying security price. † Long dated expiry months
Premiums shown are based on closing offer prices.

FT FIXED INTEREST INDICES

	Dec 11	Dec 10	Dec 8	Dec 8	Dec 7	Year ago	High *	Low *
Govt Secs (UK)	93.84	93.64	93.74	93.57	93.45	87.38	95.54	85.11
Fixed Interest	108.94	108.86	108.93	108.79	108.60	97.39	110.28	97.15

* for 1992. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75)
Fixed Interest high since compilation: 110.28 (12/11/92), low 50.53 (3/1/75)
Basis 100 Government Securities 15/10/26. Fixed Interest 1928.

GILT EDGED ACTIVITY

	Gilt edged bargains*	5-Day Average
Dec 10	125.9	122.8
Dec 9	119.2	123.3
Dec 8	119.1	125.7
Dec 7	119.1	133.6
Dec 4	130.8	140.8

* SE activity indices rebased 1974

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS	p	Cadburys	35	Hanson	17	Ratners	2½	Land Sec.	32
Allied-Lyons	47	Charter Cons.	44	ICI	85	Reed Intl	42	MEPC	22
Amstrad	4	Comm Union	42	Ladbroke	20	Sears	7	■ OILS	
Astec (BSR)	3½	Courtaulds	38	Legal & Gen	27	SmKl Bchm A	34	Aviva Pet	6
BAT Inds	80	Eurotunnel	32	Lex Service	19	TI	26	BP	22
BOC	49	FKI	8	Lloyds Bank	34	TSB	11½	Burmah Castrol	56
BTR	35	FNFC	8	Lonhro	8	Tesco	17	Conroy Pet	6
Barclays	26	Forte	17	Lucas Inds	11	Thorn EMI	56	Gaelic Res	½
Blue Circle	19	GKN	33	Marks Spencer	25	T & N	16	Premier Cons	2½
Boots	31	Gen Accident	40	NatWest Bank	26	Unilever	75	Shell	42
Bowater	56	GEC	17	P & O Dfd	32	Vickers	9		
Brit Aerospace	30	Glaxo	15	Racal Elect	6	Wellcome	71		
British Steel	8	Grand Met	34	RHM	14	■ PROPERTY		■ MINES	
BT	25	GRE	16	Rank Org	42	Brit Land	15	RTZ	50

IBM investors intensify pressure

By Louise Kehoe in San Francisco

IBM is coming under increasing pressure from large shareholder groups to take action to improve its dismal financial performance. The US computer giant is understood to be planning a special board meeting next week to address the shareholders' concerns.

The California Public Employees Pension System, known as Calpers, is believed to be seeking a meeting with IBM's outside directors to discuss the company's difficulties. Calpers is one of IBM's largest shareholders.

IBM said that it has engaged in some correspondence with Calpers, and that within the past two months Mr John Akers, IBM chairman and chief executive, had met Mr Dale Hanson, Calpers' chief executive, to discuss the company's situation.

IBM officials declined to comment, however, on whether the company's board will hold a special meeting next week. Neither would they comment on whether Calpers has requested a meeting with outside directors.

Calpers has been instrumental in forcing the boards of directors of several large corporations to deal with financial problems. The pension fund was one of several shareholder groups that put pressure on Westinghouse to reform its corporate governance rules and on Sears Roebuck to restructure its operations.

John Akers: position appears secure

If Calpers meets IBM's outside directors it would suggest that the pension fund investors are dissatisfied with IBM management's handling of the company's financial problems. It could also signal an effort to displace Mr Akers.

However, Mr Akers has so far retained the strong support of IBM's board members, including outside directors, and his position appears to be secure. He is expected to retire at the end of 1994 when he reached IBM's traditional retirement age of 60, and there are no obvious candidates within IBM's ranks to replace him sooner than that.

Institutional investors have, however, been pushing IBM to consider dropping its "full employment" policy, under which the company has so far avoided involuntary layoffs throughout a massive reduction of its workforce, including 40,000 planned job cuts this year through voluntary early retirement schemes.

Mr Akers, who has resisted layoffs in the past, said a year ago that the company's full employment practice could continue only if the prosperity of the company improved.

Wall Street analysts expect IBM to announce further cuts, of up to about 30,000 people, and take a large charge against earnings. Some have also suggested that IBM may be forced to cut its dividend. Mr John Jones of Salomon Brothers said earlier this week that he sees a 50 per cent chance of IBM halving the dividend.

There is also rising speculation that IBM may be forced to consolidate its mainframe computer operations.

Pacific Telesis expected to split in two

By Martin Dickson in New York

THE BOARD of Pacific Telesis, the California-based local telephone company, was expected yesterday to approve the division of the company into two separate businesses – by far the most dramatic move yet by one of the "Baby Bell" companies to cope with increasing competition in the US telecommunications industry.

The board, meeting in San Francisco, was considering a plan first mooted by the company in April, when it said it would investigate separating its local telephone companies from the rest of its businesses.

Pacific Telesis is one of the seven "Baby Bell" regional telephone companies spun off in 1984 from AT&T under a court-ordered break-up of the group which once dominated the US telecommunications industry.

The Baby Bells, which until now have enjoyed a monopoly in local telephone markets, now limited, but increasing competition from independent telecommunications companies serving business clients, while themselves remaining subject to heavy local regulation. At the same time, they face legal restrictions on businesses they can expand into.

Pacific Telesis' expected move represents a bold new way of getting round these obstacles. The local telephone company, with about 90 per cent of current revenues, would be separate from its diversified, unregulated businesses which may afford greater growth opportunities both in the US and overseas.

Klöckner puts a brave face on tarnished image

Quentin Peel examines the German steelmaker's ambitious scheme to avoid collapse

THE news from Klöckner-Werke may have been gloomy yesterday, but the grand old German steelmaker was still determined to behave as if it was not flirting with bankruptcy.

Smart young women from the press department greeted the invasion of journalists and television crews at the gleaming company headquarters, just a stone's throw from Duisburg railway station, with bright smiles and directions, as if it was just another announcement of results.

There were Parker pens with the company logo, paper pads and smoked salmon canapés all neatly laid out at the wake.

Mr Hans Christoph von Rohr, the patrician chief executive who has the painful task of presenting what is an extraordinarily ambitious plan to default legally on some DM1.7bn ($689m) worth of debt, was putting a brave face on it.

"At first hearing, this news may sound alarming," he declared disarmingly. "But if we think about it carefully, then it will be clear that it is not a sign of collapse, but rather of a new departure, a revival of our steel business."

If it works, he may have a point. For the proposal would mean a reduction in indebtedness of Klöckner-Werke, and its twin steel subsidiaries, Klöckner Stahl and Klöckner Edelstahl, of no less than 60 per cent, leaving little more than DM1bn outstanding out of current debts of DM2.7bn. For a company that has been labouring under a debt mountain for years, it would indeed be a new departure.

Mr von Rohr blamed three main factors for his company's plight. The first was the collapse in the steel price, which had fallen by DM150 per tonne over the past two years, he said. The second was the statutory requirement imposed on the company to buy its coke from the Ruhr coal mines – at an annual cost of some DM90m above the world price. And the third was the cost of servicing the accumulated debt, which he put at DM315m a year.

The "composition proceedings" for which the company applied at 9.30am yesterday in the Duisburg municipal court, set in train an arbitration process, chaired by an independent arbitrator, between the company and its creditors to write off 60 per cent of the outstanding debt.

If all runs smoothly, the process could take about four months, but Mr von Rohr said he was expecting it to last more like five or six months. The fact that the whole process is supported by Deutsche Bank, the company's "house bank" and principal creditor, makes it more likely to succeed, but the detail is still enormous.

The proceedings which Klöckner-Werke has begun are not what is known as "liquidation settlement", which would allow it to pay only 35 per cent of its debts, but rather a "continuation settlement", for which it must pay a minimum of 40 per cent.

In addition, the arbitration has to decide on a ceiling for small creditors – the company's multitude of small and medium-sized suppliers – up to which level (say DM10,000) they will be fully reimbursed.

What Klöckner-Werke has agreed with the banks which are its principal creditors – led by Deutsche Bank and West LB, the state bank of North Rhine-Westphalia – is to separate all its steel interests from the rest of the company's plastics and engineering businesses, which today provide two thirds of its DM7.2bn turnover.

The non-steel parts, which are all profitable, according to Mr von Rohr – indeed, which will actually improve their results "in the difficult trading conditions of 1993," he said yesterday – will be placed in a private limited company called Klöckner-Mecator-Maschinenbau. It will include all the group's foreign interests as well.

KMM will have an advisory council, rather similar to a supervisory council in quoted German companies, drawing its members from the creditor banks and from Viag, the energy-based conglomerate which is now Klöckner-Werke's biggest shareholder via Klöckner and Co, which owns some 20 per cent.

While Mr von Rohr says that the non-steel earnings will be totally insulated from the steel companies' debts, they will at the same time provide the guarantee of repayment for the 40 per cent the creditors are supposed to get.

Viag was yesterday taking a low profile in the affair, not least because as a shareholder it is not directly affected: the creditors are the ones who stand to lose.

But as a Deutsche Bank spokesman underlined: "The shareholders have already lost, as reflected in the share price." That has fallen from a peak of DM128 in June to a low of DM56 last month. Before yesterday's suspension, it was trading at DM58.50.

Mr von Rohr said he expected the company shares to be listed again on Monday, but few analysts were prepared to speculate yesterday on whether they would collapse, on fears of outright bankruptcy, or rise, on hopes of a successful cancellation of the debt burden.

A company spokesman said last night that the return to the stock exchange would depend on the degree of alarm and rumour-mongering over the weekend. The company has installed teams to work through Saturday and Sunday to answer potential queries from worried investors.

Creditors hear of Canadian group's debts

By Robert Gibbens in Montreal

YORK-Hannover Developments, a Toronto-based developer caught in Canada's property market collapse, has debts of about C$700m (US$549m) and no remaining equity, creditors have been told.

York-Hannover was placed in bankruptcy a month ago. The court-appointed trustee, BDO Dunwoody Ward Mallette, called an initial creditors' meeting which was attended by Mr Karsten von Wersebe, the company president who is a German-born resident of Toronto.

The York-Hannover failure is directly linked to the C$1.1bn bankruptcy of Castor Holdings, an international property investment group headed by Mr Wolfgang Stoltenberg.

The company's assets are fully pledged and creditors include the Bank of Montreal, Bank Hapoalim, of Israel, and Lord Realty Holdings, a German developer, the trustee reported.

Mr von Wersebe's personal holding company owes York-Hannover nearly C$60m, the trustee also said. But none of the company's receivables is likely to be collected.

Its Toronto properties are worth nothing once the mortgage-holders are paid off.

Centel takeover gains go-ahead

By Martin Dickson

A CONTROVERSIAL $3bn takeover of Centel, the Chicago-based telecommunications group, by long-distance carrier Sprint was given a green light yesterday when a narrow majority of Centel's shareholders approved the deal.

Centel said a preliminary count of votes showed that 50.5 per cent of outstanding shares were voted for the merger, compared with 34.8 per cent against. Centel needed a majority of outstanding shares for the deal to go through.

Dissident Centel shareholders had argued that the company was being sold too cheaply in the share-swap deal and would do better to remain independent.

● Shares in Maybelline, the US cosmetics company which was acquired from Schering-Plough by Wasserstein Perella, the New York-based investment banking firm, two years ago, started trading at $26¼ yesterday morning, writes Nikki Tait in New York.

The company announced plans to float on the stock market in October, and the initial price offering price was set at $23½ on Thursday evening.

The buyout funds run by Wasserstein Perella, which owns a large minority stake in Isosceles, the British food retailer, acquired Maybelline for $315m – of which $155m came from the funds and $160m was debt-financing.

The flotation raises around $100m for the company – which will be used to repay long-term debt and for general corporate purposes.

ANL slides into red and omits dividend

By Bruce Jacques in Sydney

ANL, the Australian government-owned shipping line, slumped into the red in 1991-1992, turning a A$9.2m (US$6.3m) profit into an A$8.9m loss.

The company, which is restructuring ahead of probable privatisation, is omitting its dividend after sales fell to A$592m from A$619m.

Mr Bill Bolitho, chairman, said the company's lacklustre trading profits were exacerbated by the recession, undercapitalisation, high interest charges and substantial costs incurred in preparing for privatisation.

Labatt advances 16% on rising beer market share

By Robert Gibbens

JOHN LABATT, one of Canada's two leading brewers, posted a 16 per cent gain in second quarter profit to C$52m (US$41m), or 60 cents a share, against C$45m, or 49 cents, a year earlier. Revenues climbed 23 per cent to C$1.2bn.

Labatt said it increased beer market share and its entertainment division doubled revenues. Brewing operations gained from restructuring and cost-cutting. However, the dairy operation performed poorly.

Profit for the first half was C$104m, or C$1.21 a share, up 17 per cent, from C$89m, or C$1 a share. Revenues gained 17 per cent to C$2.3bn.

● Bramalea, the big property group, won approval from holders of C$524m of senior debentures for its financial restructuring. Bramalea, with total debt of more than C$4.5bn, can now reorganise without seeking bankruptcy protection. All classes of other creditors are expected to accept the restructuring.

● Laurentian Bank, fastest growing unit in the Laurentian financial services group, is expanding again outside Quebec by buying the Ontario operations of General Trustco for C$82m. The deal adds 27 branches to the bank's existing 28-unit network in the key Ontario market.

S&P lowers debt rating for Swedbank

By Christopher Brown-Humes in Stockholm

SWEDEN's banking system took another blow when Standard & Poor's, the US agency, downgraded the short-term debt ratings of Swedbank, the savings bank group.

Swedbank's Eurocommercial paper and certificates of deposit ratings, together with Swedbank Inc's US CP rating, were cut to A-2 from A-1. S&P said the move reflected "a rapid and severe weakening of asset quality within certain of the 11 Swedish saving banks which will merge with Swedbank on January 1, forming Sparbanken Sverige group".

US approves Akzo contraceptive

By Ronald van de Krol in Amsterdam

AKZO, the Dutch chemicals and pharmaceuticals group, has won official approval to sell its Marvelon oral contraceptive in the US, giving the company access for the first time to a market worth an estimated $1bn a year.

The Marvelon pill, the world's most commonly prescribed oral contraceptive, is to be sold under the name Desogen in the US.

Akzo's pharmaceuticals unit Organon, which is estimated to have around 25 per cent of the European market for oral contraceptives, is also seeking permission to launch sales in Japan, where oral contraceptives are not widely used.

The approval by the US Food and Drug Administration marks the realisation of a strategic goal for Akzo, whose pharmaceuticals business has seen the group's fastest rate of profit growth in recent years.

The company has been expanding its US salesforce pending approval, which comes less than two years after Akzo submitted its application.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1992	Low 1992
Gold per troy oz.	$335	-4	$358.90	$358.40	$334.05
Silver Per troy oz	239.50p	+0.45	213.25p	249.50p	187.58p
Aluminium 99.7% (cash)	$1205	+26.5	$1097.5	$1339.0	$1105.5
Copper Grade A (cash)	£1400	-1	£1194	£1450.50	£1125.0
Lead(cash)	£288	-6.5	£291.0	£383.5	£278.50
Nickel (cash)	$5700	+70	$7105	$8195.0	$5315
Zinc SHG (cash)	$1060.5	-12	$1142	$1457.5	$1019.0
Tin (cash)	$5779.5	-5.5	$5505	$7115.0	$5425.0
Cocoa Futures (Mar)	£685	-36	£783	£751	£523
Coffee Futures (Jan)	$1012	+12	£585	$1013	$676
Sugar (LDP Raw)	$210.5	-10.1	$227	$272.6	$193
Barley Futures (Jan)	£130.80	+0.05	£122.05	£138.10	£106.90
Wheat Futures (Jan)	£134.35	+2.35	$128	£138.80	£109.85
Cotton Outlook A Index	54.40c	+0.3	61.85c	65.90c	52.25c
Wool (64s Super)	405p	-15	417p	480p	364p
Oil (Brent Blend)	$18.15x	-0.1	$19.025	$21.30	$17.00

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb x-Jan.

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)(Jan)		+ or -
Dubai	$16.00-6.10u	-.075
Brent Blend (dated)	$18.20-8.25u	-0.05
Brent Blend (Jan)	$18.10-8.20	-0.05
W.T.I (1 pm est)	$19.10-9.20u	-0.05
Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$189-191	+1
Gas Oil ♦	$179-181	
Heavy Fuel Oil	$70-72	+0.5
Naphtha	$176-178	
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$335.00	+0.85
Silver (per troy oz)♣	372.50c	+1
Platinum (per troy oz)	$363.75	+1.25
Palladium (per troy oz)	$110.50	+3.75
Copper (US Producer)	103c	-0.5
Lead (US Producer)	34.625c	
Tin (Kuala Lumpur market)	14.37r	+0.06
Tin (New York)	267.5c	-1
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	115.79p	+1.4*
Sheep (live weight)†♣	80.75	-0.18*
Pigs (live weight)†	84.08p	+0.81*
London daily sugar (raw)	$210.5w	
London daily sugar (white)	246.5w	-0.2
Tate and Lyle export price	£244.5	
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£155.0	
Wheat (US Dark Northern)	Unq	
Rubber (Jan)♥	63.00p	+0.5
Rubber (Feb)♥	63.25p	+0.5
Rubber (KL RSS No 1 Jan)	226.5m	
Coconut oil (Philippines)§	$440.0y	
Palm Oil (Malaysian)§	$384u	
Copra (Philippines)§	$290	
Soyabeans (US)	£171.5	+1.6
Cotton "A" Index	54.40c	+0.2
Wooltops (64s Super)	405p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. y-Jan/Feb u-Jan. w-Dec/Jan. z-Jan/Mar. †Meat Commission average fatstock prices. * change from a week ago ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices. ♦ Gas Oil Price for 3/12/1992 174-175 down 2

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Mar	184.0	185.40	184.00
May	188.0	190.00	188.00
White	Close	Previous	High/Low
Mar	249.00	248.10	249.00 247.50
May	252.30	251.30	252.30 251.00
Aug	258.30	257.20	258.30 257.00

Turnover: Raw (29) lots of 50 tonnes. White 546 (502) Paris- White (FFr per tonne): Mar 1356.17 May 1397.24

CRUDE OIL – IPE	Latest	Previous	High/Low ($/barrel)
Jan	18.16	18.27	18.46 18.09
Feb	18.15	18.22	18.41 18.06
Mar	18.13	18.19	18.37 18.06
Apr	18.06	18.19	18.08
May	18.10	18.16	18.10
Jun	18.10	18.16	18.10
Jul	18.20	18.19	18.26 18.20
Aug	18.10	18.13	18.19
Sep	18.19	18.14	18.19 18.18
IPE Index	18.18	17.73	

Turnover 16,300 (33682)

GAS OIL – IPE	Close	Previous	High/Low ($/tonne)
Jan	173.50	174.25	177.00 173.50
Feb	174.25	174.50	177.00 174.00
Mar	172.60	172.75	176.00 172.50
Apr	169.00	169.50	172.75 169.00
May	167.50	167.50	172.00 167.50
Jun	167.00	167.00	170.00 167.00
Jul	169.00	168.50	171.50 170.25
Aug	171.00	169.50	172.50 170.50
Sep	172.75	-	174.75 172.25

Turnover 13620 (23308) lots of 100 tonnes

FRUIT & VEGETABLES
Conference and Comice pears are excellent this week at 35-55p a lb (36-55p) reports the FFVIB. Citrus fruits such as satsumes at 35-40p a lb (36-40p), clementines at 40-45p a lb (40-45p) and oranges at 15-25p each (15-25p) are all superb fruit buys. Most vegetables have remained at a stable price this week including Brussel sprouts at 15-25p a lb (15-25p), homegrown cauliflower at 35-50p a head (35-50p) and parsnips at 20-25p a lb (20-25p). Iceberg lettuce at 60-75p each (55-75p). Round lettuce at 30-35p each (25-35p) and tomatoes at 75-85p a lb (75-85p) are good salad buys.

COCOA – London FOX	Close	Previous	High/Low (£/tonne)
Dec	658	657	662 659
Mar	685	677	688 682
May	700	694	704 698
Jul	715	710	720 716
Sep	732	725	734 730
Dec	752	747	756 753
Mar	773	768	777 773
May	789	782	793 789
Jul	805	795	804
Sep	822	812	821 820

Turnover: 2780 (5328) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Dec.10 731.48 (731.06) 10 day average for Dec 11 769.81 (773.34)

COFFEE – London FOX	Close	Previous	High/Low ($/tonne)
Jan	1012	1002	1018 1010
Mar	1034	1018	1037 1028
May	1009	996	1019 1003
Jul	1006	996	1016 1005
Sep	1015	1000	1016 1013
Nov	1025	1010	1019

Turnover:3266 (3814) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Dec.10: Comp. daily 64.10 (63.73) 15 day average 60.77 (60.42)

POTATOES – London FOX	Close	Previous	High/Low (£/tonne)
Apr	61.7	63.0	62.5 61.7
May	67.5	69.0	68.5 67.5

Turnover 25 (32) lots of 20 tonnes.

SOYAMEAL – London FOX	Close	Previous	High/Low (£/tonne)
Feb	150.00	150.00	150.00

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX	Close	Previous	High/Low ($10/index point)
Dec	1355	1345	1360 1355
Jan	1295	1285	1300 1295
Feb	1270	1269	1270
Apr	1250	1245	1258 1250
Jul	1110	1112	1110
BFI	1359	1356	

Turnover 65 (353)

GRAINS – London FOX			(£/tonne)
Wheat	Close	Previous	High/Low
Jan	133.85	134.25	134.00 133.70
Mar	136.10	136.00	136.10 135.30
May	138.30	138.40	138.35 137.80
Sep	106.65	-	106.65 106.65
Barley	Close	Previous	High/Low
Mar	133.20	133.35	133.35 132.75
May	135.20	135.65	135.80 135.20

Turnover: Wheat 116 (317), Barley 40 (342). Turnover lots of 100 Tonnes.

PIGS – London FOX	Close	Previous	High/Low (Cash Settlement) p/kg
Jan	100.0	100.0	100.0 100.0
Apr	102.0	102.5	102.0 101.5
May	101.5	102.5	101.5 101.5

Turnover:28 (16) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 34,336 lots
Cash	1204.5-5.5	1191-2		1194-4.5		
3 months	1228-9	1214-5	1230/1216	1217-7.5	1225-6	181,800 lots
Copper, Grade A (£ per tonne)						Total daily turnover 32,790 lots
Cash	1399-401	1400-1	1400/1400	1400-0.5		
3 months	1425-6	1425.5-6.0	1430/1426	1428-8.5	1427-8	151,944 lots
Lead (£ per tonne)						Total daily turnover 2,858 lots
Cash	287.5-8.5	294-5	288/288	287.5-8.0		
3 months	298.5-9.0	304-5	308/297.5	298.5-9.0	297-8	28,968 lots
Nickel ($ per tonne)						Total daily turnover 9,226 lots
Cash	5695-705	5680-5		5680-5		
3 months	5770-80	5760	5820/5710	5755-6	5770-80	41,841 lots
Tin ($ per tonne)						Total daily turnover 1,719 lots
Cash	5777-82	5795-805		5770-5		
3 months	5835-40	5855-60	5855/5825	5828-32	5820-30	9,932 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 11,524 lots
Cash	1060-1	1053-4	1042/1041.5	1041.5-2.0		
3 months	1079-9.5	1072-3	1085/1055	1061.5-2.0	1076-7	73,711 lots

LME Closing £/$ rate: SPOT: 1.5590 3 months: 1.5461 6 months: 1.5349 9 months: 1.5283

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	334.85-334.60	
Opening	334.30-334.60	
Morning fix	334.20	215.286
Afternoon fix	335.10	215.360
Day's high	335.20-335.50	
Day's low	333.80-334.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	1.60	6 months	2.09
2 months	1.60	12 months	2.44
3 months	1.61		

Silver fix	p/troy oz	US cts equiv
Spot	238.50	372.50
3 months	244.20	375.45
6 months	246.05	378.80
12 months	255.85	386.75

GOLD COINS	$ price	£ equivalent
Krugerrand	334.50-337.50	215.00-217.00
Maple leaf	344.85-347.10	-
New Sovereign	78.00-81.00	50.00-52.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Apr	Jan	Apr
1150	67	86	3	5
1175	44	65	4	10
1200	26	48	10	17
Copper (Grade A)	**Calls**		**Puts**	
2100	92	114	3	11
2150	50	77	10	23
2200	21	48	30	44
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
950	63	99	1	15
1000	21	65	9	31
1050	3	40	41	56
Cocoa	**Mar**	**May**	**Mar**	**May**
650	52	73	17	23
675	37	58	27	33
700	26	46	41	46
Brent Crude	**Jan**	**Feb**	**Jan**	**Feb**
1800		63	1	27
1850	1	30	13	51
1900		18		79

New York

GOLD 100 troy oz.; $/troy oz.	Close	Previous	High/Low	
Dec	335.2	334.1	335.8	334.5
Jan	335.6	334.6	0	0
Feb	336.0	335.0	336.1	335.4
Apr	337.1	336.1	337.2	336.5
Jun	338.6	337.6	338.7	338.1
Aug	340.2	339.2	0	0
Oct	341.9	340.9	0	0
Dec	343.7	342.7	343.5	343.5
Feb	345.8	344.8	0	0

PLATINUM 50 troy oz; $/troy oz.	Close	Previous	High/Low	
Jan	366.8	364.0	367.5	364.5
Apr	365.6	362.3	366.5	363.5
Jul	364.0	361.1	364.5	363.0
Oct	362.3	362.3	0	0

SILVER 5,000 troy oz; cents/troy oz.	Close	Previous	High/Low	
Dec	370.7	371.0	371.0	370.0
Jan	371.3	371.6	0	0
Feb	373.1	373.4	0	0
Mar	374.0	374.3	378.5	373.0
May	376.7	377.0	379.0	376.0
Jul	379.3	379.6	379.5	379.0
Sep	382.1	382.4	0	0
Dec	386.5	386.8	387.0	386.5
Jan	387.7	388.0	0	0
Mar	391.6	391.9	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	97.60	97.30	97.60	96.90
Jan	97.90	97.60	97.90	97.30
Feb	98.35	98.05	0	0
Mar	98.70	98.40	99.00	97.85
Apr	99.10	98.80	0	0
May	99.45	99.15	99.70	99.15
Jun	99.80	99.50	0	0
Jul	100.10	99.80	100.10	99.50
Aug	100.40	100.10	0	0
Sep	100.70	100.40	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel	Latest	Previous	High/Low	
Jan	19.08	19.28	19.47	19.08
Feb	19.17	19.38	19.56	19.16
Mar	19.27	19.44	19.61	19.26
Apr	19.34	19.50	19.66	19.33
May	19.38	19.53	19.60	19.38
Jun	19.47	19.54	19.69	19.43
Jul	19.48	19.55	19.71	19.47
Aug	19.48	19.55	19.67	19.48
Sep	19.47	19.55	19.65	19.47
Oct	19.51	19.56	19.60	19.46

HEATING OIL 42,000 US galls, cents/US galls	Latest	Previous	High/Low	
Jan	55.00	55.91	56.40	54.90
Feb	55.85	56.54	57.05	55.75
Mar	55.70	56.19	56.60	55.60
Apr	54.65	55.15	55.35	54.65
May	53.60	54.12	54.10	53.60
Jun	53.25	53.74	54.00	53.25
Jul	53.55	54.05	54.35	53.55
Aug	54.40	54.58	54.80	54.50
Sep	55.55	55.71	56.00	55.65
Oct	56.10	56.66	56.90	56.90

COCOA 10 tonnes;$/tonnes	Close	Previous	High/Low	
Dec	905	915	918	905
Mar	947	960	960	941
May	973	985	986	968
Jul	997	1007	1006	994
Sep	1019	1033	1020	1016
Dec	1056	1070	0	0
Mar	1089	1103	1100	1100
May	1111	1125	0	0
Jul	1144	1158	0	0
Sep	1166	1180	0	0

COFFEE "C" 37,500lbs; cents/lbs	Close	Previous	High/Low	
Dec	78.80	77.35	78.40	77.50
Mar	79.30	78.65	79.45	78.60
May	82.75	82.45	82.85	82.15
Jul	84.40	83.85	84.60	84.00
Sep	85.85	85.25	85.85	85.50
Dec	87.00	87.75	88.00	87.80
Mar	88.50	89.35	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs	Close	Previous	High/Low	
Mar	8.30	8.26	8.31	8.25
May	8.45	8.40	8.48	8.44
Jul	8.54	8.50	8.58	8.54
Oct	8.66	8.61	8.60	8.55
Mar	8.67	8.65	8.71	8.71
May	8.78	8.76	0	0

COTTON 50,000; cents/lbs	Close	Previous	High/Low	
Mar	59.05	58.66	59.50	58.86
May	59.95	60.47	60.30	59.87
Jul	61.00	61.38	61.10	60.80
Oct	59.76	60.00	59.95	59.76
Dec	59.50	59.60	59.80	59.11
Mar	60.30	60.40	0	0
May	60.75	60.85	0	0

ORANGE JUICE 15,000 lbs; cents/lbs	Close	Previous	High/Low	
Jan	96.20	97.10	97.10	95.70
Mar	99.25	100.35	100.50	98.95
May	100.90	101.85	102.00	100.95
Jul	100.65	101.85	102.00	100.60
Sep	100.50	100.75	101.75	100.50
Nov	100.00	100.25	101.75	101.75
Jan	100.00	100.05	0	0
Mar	100.00	100.05	0	0
May	100.00	100.05	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)			
Dec.11	Dec.10	mnth ago	yr ago
1665.9	1662.8	1649.3	1802.4

DOW JONES (Base: Dec. 31 1974 = 100)	Dec.10	Dec.9	mnth ago	yr ago
Spot	121.96	121.80	114.38	113.31
Futures	120.47	120.06	116.22	119.75

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel	Close	Previous	High/Low	
Jan	571/6	572/0	573/6	571/0
Mar	576/6	578/2	578/0	575/0
May	581/0	581/2	583/2	580/2
Jul	587/0	587/4	589/0	586/0
Aug	589/0	589/4	591/0	588/4
Sep	586/4	587/0	588/4	588/0
Nov	594/2	593/2	594/6	592/4

SOYABEAN OIL 60,000 lbs; cents/lb	Close	Previous	High/Low	
Dec	20.63	20.67	20.79	20.57
Jan	20.72	20.77	20.90	20.67
Mar	20.89	20.94	21.06	20.86
May	21.02	21.02	21.17	20.98
Jul	21.16	21.10	21.28	21.05
Aug	21.15	21.05	21.28	21.10
Sep	21.15	21.00	21.20	21.08
Oct	21.18	21.05	21.16	21.18

SOYABEAN MEAL 100 tons; $/ton	Close	Previous	High/Low	
Dec	186.1	185.3	188.2	185.5
Jan	185.5	184.3	186.3	184.3
Mar	184.9	184.0	185.9	184.0
May	185.0	184.2	185.7	184.2
Jul	186.2	185.5	186.7	185.3
Aug	187.0	186.1	187.5	186.8
Sep	187.9	187.1	188.3	187.8
Oct	188.5	188.5	189.5	188.5

MAIZE 5,000 bu min; cents/56lb bushel	Close	Previous	High/Low	
Dec	212/0	209/4	212/2	209/6
Mar	222/0	219/6	222/4	219/6
May	229/6	227/4	230/2	227/6
Jul	235/2	233/2	236/0	233/0
Sep	239/4	238/0	240/2	238/0

WHEAT 5,000 bu min; cents/60lb-bushel	Close	Previous	High/Low	
Dec	372/2	368/4	372/6	368/4
Mar	361/6	357/0	362/6	357/6
May	349/0	343/0	349/2	343/6
Jul	324/0	321/0	325/4	321/2
Sep	329/6	326/0	330/4	326/4

LIVE CATTLE 40,000 lbs; cents/lbs	Close	Previous	High/Low	
Dec	78.425	77.725	78.500	77.675
Feb	75.700	75.050	75.725	75.025
Apr	75.400	75.025	75.450	74.850
Jun	71.950	71.450	72.000	71.425
Aug	70.475	69.990	70.500	69.800
Oct	70.925	70.400	70.950	70.400

LIVE HOGS 40,000 lb; cents/lbs	Close	Previous	High/Low	
Dec	44.500	44.325	44.700	44.050
Feb	43.600	43.425	43.900	43.150
Apr	41.700	41.400	41.750	41.175
Jun	46.075	45.925	46.125	45.850
Jul	45.650	45.450	45.850	45.350
Aug	44.400	44.200	44.400	44.050
Oct	41.000	40.850	41.000	40.750

PORK BELLIES 40,000 lbs; cents/lb	Close	Previous	High/Low	
Feb	38.125	37.200	38.150	36.925
Mar	38.175	37.275	38.250	37.075
May	39.525	38.600	39.650	38.400
Jul	40.650	39.600	40.075	39.900
Aug	38.350	38.075	38.500	37.800

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

ERM strains highlighted

WEAKNESS within the European exchange rate mechanism was highlighted yesterday. The Bundesbank was forced to intervene to support the franc, the Belgian and Dutch central banks helped to prop up the Danish krone and the Irish punt looked extremely vulnerable *writes Peter John.*

The Bundesbank intervened three times to prop up the franc, once during European trading, once at the afternoon fixing and again in the after-market.

The bank also publicly announced that it had been buying selling D-Marks to buy francs, thus lending additional moral support. This was compounded by a statement from Mr Theo Waigel, the German finance minister that there was "no need" to devalue the franc. The Bank of France was also intervening

Nevertheless, the franc slid to finish FFr3.418 against the D-Mark, down from FFr3.413 on Thursday. Yesterday's close was the lowest since shortly after the European currency crisis of mid-September and within 1.2 centimes of its ERM floor against the D-Mark of FFr3.4305.

Even analysts who believe there will be no devaluation because of the fundamental strength of the French economy were concerned. Mr Brian Hilliard, economist with the French-owned bank Societé Generale Strauss Turnbull said: "Trading is very thin at the moment so you get more banks for your franc. I am surprised that the central banks have not been more aggressive."

More bearish economists such as Mr Neil MacKinnon of Citibank are convinced that devaluation is on the cards. "We are seeing a drying of liquidity in the market and there is an increasing feeling that the French will not be able to resist either devaluation, flotation of the currency or a temporary suspension from the ERM"

Mr MacKinnon believes there is a risk of "meltdown in the current structure of the ERM". The view was taking hold that Ireland would be forced to devalue very shortly.

Yesterday, Mr Bertie Ahern, the Irish finance minister, attempted to calm the fears by stating that he ruled out devaluation.

Dealers added that Danish companies were heavy sellers of the Danish krone. They said corporate selling had been the signal for the recent devaluation of the Swiss franc.

The problems in Europe overshadowed the performance of the dollar. Also, a severe blizzard in the US threatened to immobilise the New York financial market and ensured that once again positive economic news had little impact. The dollar was steady against the D-Mark at DM1.5765 but slightly firmer against the pound and Yen.

£ IN NEW YORK

Dec.11	Latest	Previous Close
£ Spot	1.5565-1.5575	1.5785 1.5795
1 month	0.49-0.48pm	0.49 0.48pm
3 months	1.35-1.32pm	1.35 1.32pm
12 months	4.00-3.90pm	4.00 3.90pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.11	Previous
8.30 am	79.9	79.8
9.00 am	79.8	79.8
10.00 am	79.9	79.7
11.00 am	79.8	79.8
Noon	79.9	79.9
1.00 pm	79.9	80.3
2.00 pm	80.2	80.2
3.00 pm	80.1	80.0
4.00 pm	80.2	80.2

CURRENCY RATES

Dec 11	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.896642	0.798155
U.S Dollar	3.00	1.38863	1.29914
Canadian $	6.18	1.76606	1.57841
Austrian Sch	8.25	15.4305	13.7618
Belgian Franc	7.75	45.1964	40.3308
Danish Krone	9.30	N/A	7.62750
D-Mark	8.25	2.19681	1.95845
Dutch Guilder	7.75	2.46385	2.20343
French Franc	10	7.48263	6.69381
Italian Lira	13.00	1944.87	1737.21
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Dec.10

CURRENCY MOVEMENTS

[illegible]

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 11	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Portuguese Escudo	182.194	175.809	-3.50	5.20	59
Spanish Peseta	143.386	139.993	-2.37	3.97	41
Belgian Franc	40.6304	40.3308	-0.74	2.26	37
Dutch Guilder	2.21958	2.20343	-0.73	2.25	37
D-Mark	1.96992	1.95845	-0.58	2.10	40
French Franc	6.60683	6.69381	1.32	0.19	-71
Danish Krone	7.51410	7.62750	1.51	0.00	-68
Irish Punt	0.735334	0.746668	1.51	0.00	-67

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

Dec.11	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C $	B Fr.	Pta	Ecu
£	1	1.558	2.457	193.0	8.397	2.190	2.765	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
$	0.642	1	1.577	123.9	5.390	1.406	1.775	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DM	0.407	0.634	1	78.55	3.418	0.891	1.125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
YEN	5.181	8.073	12.73	1000.	43.51	11.35	14.33	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
F Fr.	1.191	1.855	2.926	229.8	10.	2.608	3.293	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S Fr.	0.457	0.711	1.122	88.13	3.834	1	1.263	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N Fl.	0.362	0.563	0.889	69.80	3.037	0.792	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Lira	0.461	0.718	1.132	88.90	3.868	1.009	1.274	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
C $	0.503	0.784	1.237	97.13	4.226	1.102	1.392	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B Fr.	1.974	3.076	4.851	381.0	16.58	4.324	5.459	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Pta	0.570	0.888	1.400	110.0	4.785	1.248	1.575	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Ecu	0.798	1.243	1.961	154.0	6.702	1.748	2.207	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100: Peseta per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.5585	1.5536	1.5453	1.5352	1.5205
D-mark	2.4575	2.4533	2.4448	2.4339	2.4354
French Fr.	8.3975	8.3664	8.3132	8.2555	8.1838
Swiss Fr.	2.1900	2.1880	2.1864	2.1836	2.1705
Yen	193.00	192.35	191.43	190.10	187.50

MONEY MARKETS

Short sterling steady

INDICATIONS from the UK government that it is unlikely to sanction a cut in interest rates soon helped to brake an early rise in short sterling, *writes Peter John.*

That rise was sparked by a larger than anticipated fall in the headline inflation rate. This fell last month to 3 per cent from 3.6 per cent in October, suggesting that there might be room for manoeuvre on base rates.

However, Mr Helmut Schlesinger, the head of the Bundesbank was once again stressing his commitment to current German interest rates and the UK chancellor, Mr Norman Lamont, was said to be seeking to lower hopes of a fresh base rate cut.

UK clearing bank base lending rate 7 per cent from November 13, 1992

Consequently, a rally by March short sterling from the 93.38 opening level to 93.53 was cut back and the contract closed only 8 higher at 93.46.

The Bank of England operations continued to be hampered by unwillingness by the clearing banks to take up the January 5 repo which would leave them with an unwanted amount of cash over the Christmas and New Year period. The clearers found better value in overnight money which was pushed up to about 8 per cent before easing towards the close as the central bank shortage was taken out.

The unwillingness to carry money over was compounded by the continuing trend to close up positions ahead of the Christmas break. One dealer said: "The will just isn't there at the moment."

The Bank of England offered an early round of assistance after forecasting a liquidity shortage of around £1.65bn, later revised to £1.6bn. The Bank provided £465m of early assistance; buying band and band two bank bills, both at the established 6⅞ per cent rate.

It also purchased £400m of bills for resale on January 11 at 6⅞ per cent. The Bank provided a further £155m in the morning, buying band one bank bills at the 6⅞ per cent rate.

In the afternoon, the Bank provided £544m bringing help to £1.164bn. It bought £367m of band one bank bills and £177m of band two bank bills, both at the established 6⅞ per cent rate.

Despite £240m of late, unspecified assistance, £196m of the liquidity shortage was not taken out and dealers expected short money rates to continue their tight trend next week.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls January	Calls March	Calls June	Puts January	Puts March	Puts June
110	-	-	-	0.07	0.50	-
111	-	1.45	-	0.24	0.81	-
112	0.33	0.91	-	-	-	-
113	0.09	0.55	-	-	-	-
114	-	0.27	-	-	-	-
Open int	20,373	181,941	25,593	10,120	146,627	16,620

Estimated volume 19,370 † Total Open Interest 401,274

† All Yield & Open interest figures are for the previous day.

BANK RETURN

BANKING DEPARTMENT	Wednesday December 9 1992 £	Increase or decrease for week £
LIABILITIES		
Capital	14,553,000	
Public Deposits	112,948,169	- 2,348,281
Bankers Deposits	1,461,720,505	+ 30,046,285
Reserve and other Accounts	3,723,678,963	- 155,954,595
	5,312,900,637	- 128,256,591
ASSETS		
Government Securities	1,087,121,176	- 202,704,899
Advance and other Accounts	3,776,183,094	+ 77,724,831
Premises Equipment & other Secs	442,473,874	- 1,138,669
Notes	6,896,223	- 2,150,639
Coin	226,270	+ 12,785
	5,312,900,637	- 128,256,591
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,963,103,777	+ 302,150,639
Notes in Banking Department	6,896,223	- 2,150,639
	16,970,000,000	+ 300,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	7,166,782,286	+ 25,687,548
Other Securities	9,792,202,614	+ 274,312,452
	16,970,000,000	+ 300,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	Mount Banking	7
Allied Trust Bank	7	Duncan Lawrie	7	NatWestminster	7
AIB Bank	7	Equatorial Bank plc	7	Northern Bank Ltd	7
●Henry Ansbacher	7	Exeter Bank Limited	8	Nykredit Mortgage Bnk	7.5
B & C Merchant Bank	13	Financial & Gen Bank	8	●Rea Brothers	7
Bank of Baroda	7	●Robert Fleming & Co	7	Roxburghe Bank Ltd	9
Banco Bilbao Vizcaya	7	Girobank	7	Royal Bk of Scotland	7
Bank of Cyprus	7	●Guinness Mahon	7	●Smith & Williamson Secs	7
Bank of Ireland	7	Habib Bank AG Zurich	7	Standard Chartered	7
Bank of India	7	●Hambros Bank	7	TSB	7
Bank of Scotland	7	Hampshire Trust Plc	15.5	Unibank plc	7
Barclays Bank	7	Heritable & Gen Inv Bk.	7	●United Bk of Kuwait	7
Brit Bk of Mid East	7	●Hill Samuel	7	Unity Trust Bank Plc	7
●Brown Shipley	7	C. Hoare & Co	7	Western Trust	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Whiteaway Laidlaw	7
Citibank NA	7	Julian Hodge Bank	7	Yorkshire Bank	7
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk.	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

NOTES - Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate' Int Cr: Frequency at which interest is credited to the account

US$ 500,000,000
Floating Rate Subordinated Loan Participation Certificates due 2000
issued by J.P. Morgan GmbH for the purpose of funding and maintaining a subordinated loan to The Dai-Ichi Kangyo Bank, Limited

Notice is hereby given that the rate of interest applicable to payments under the certificates corresponding to payments of interest under the loan is, for the Interest Period from 11th December, 1992 to 11th March, 1993 3.875% per annum, with a Coupon Amount of US$ 2,421.88 per US$ 250,000 Certificate, payable on 11th March, 1993.

Dai-Ichi Kangyo Bank (Luxembourg) S.A.
Agent Bank

Heart II Limited
US$174,000,000 Secured Floating Rate Notes due 2000

In accordance with the provisions of the Notes, notice is hereby given that for the Interest Period from 11th December, 1992 to 11th March, 1993 the Notes will bear a rate of interest of 3.875% per annum. The interest amount payable on 11th March, 1993 will be US$9,687.50 per Note.

Dai-Ichi Kangyo Bank (Luxembourg) SA
Agent Bank

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc

No. of bargains included2700

Treasury 13¼% Stk 2000/03 - £129⅞ 130⅛ ZZ130⅝

Corporation and County Stocks

No. of bargains included6

Corp of London3½% Deb Stk 83/93 - £98⅜ (8De92)

Leeds(City of)13½% Red Stk 2006 - £125⅜ (4De92)

Manchester Corp1881 3% Red Stk 1941(or after) - £28 (8De92)

Sears PLC10¾% Bds 1993 - £100⅞ (7De92)

Severn Trent PLC11½% Bds 1999 (Br £5000&100000) - £112¼ ⅜ ⅜ (4De92)

Slough Estates PLC6% Cnv Bds 2003 - £118 (7De92)

South West Water PLC10¾% Bds 2012 (Br £10000&100000) - £107⅞

Sweden(Kingdom of)9¾% Bds 1996 - £102 (8De92)

Tarmac Finance (Jersey) Ld9⅞% Cnv Cap Bds 2006 (Reg £1000) - £98⅜ .29 ½

9½% Cnv Cap Bds 2006(Br £5000&50000) - £85⅞

Tate & Lyle Int Fin PLC5¾% Gtd Bds 2001 (Br £5000) - £87½ (8De92)

Rule 535(2)

No. of bargains included28

Union Square PLCOrd 1p - 3 (4De92)

Verity Group PLCOrd 5p - 8¾ 8⅞ ⅞

Airedale Hldgs PLC"A" Non-Vtg Cnv 1p - £0.000005 (8De92)

Barclays Investment Fund(C.I.)Sterling Bd Fd - £0.438 0.439

Biocure Holdings PLCOrd 1p - £0.77

Bowness Leisure PLCOrd £1 - £1.12 (9De92)

Channel Islands Comm (TV) LdOrd 5p - £0.22♦

Charinco/Charishare Charinco Distr - £1.802 (8De92)

Conister Trust LdOrd 25p - £0.22 (9De92)

Dawson Hldgs PLCOrd 10p - £2 2.05

Gander River Resources PLCOrd 5p - £0.025 (7De92)

Hill Samuel Inv Serv IntEuropean Equity Fd - £1.712

INVESCO MIM International LdJapan Income & Growth - £1.366♦

Knott(G.B.)& Sons PLC5% Cum Ptg Prf 82½p - £0.2

Kleinwort Benson(Int) Fund ManJapanese Fund - $0.5855 (4De92)

KB Gilt Fund - £14.758243♦

Int Equity Gwth Inc - £2.233363 (7De92)

Lawrie Group PLCOrd £1 - £18 (9De92)

Maxdm Investments A Ord £1 - £0.33 (7De92)

National Parking Corp LdOrd 10p - £3.1 (4De92)

Pan Andean Resources PLCOrd 1p - £0.055 (8De92)

Perpetual(Jersey)Offshore Japan Growth Fd - $0.8288 (7De92)

Poddington PLCOrd 5p - £0.025 (8De92)

Rangers Football Club PLCOrd 10p - £0.95

Regent Inns PLCOrd 25p - £0¾ 0.78 0.8 (8De92)

Scotts Holdings PLCOrd 10p - £6.1

Select Industries PLCOrd 2½p - £0.03

Wts to Sub for Ord - £0⅞ (7De92)

New Ord 7½p(2½p Regd) - £0.000313 0.00125 (9De92)

Severn Valley Railway(Hldgs)PLCOrd £1 - £0.65♦

Shepherd Neame Ld"A" Ord £1 - £5.4 (7De92)

Southern Newspapers PLCOrd £1 - £2.7

Sun Oil Britain LdOil Royalty Stk Units 1p - £0.28

U.K.F. LdOrd £1 - £0.4

Unicorn Inns PLCOrd 25p - £0.44 (9De92)

Vista Entertainments PLCOrd 5p - 0⅞ (9De92)

Westabix Ld"A" Non.V Ord 25p - £11.4

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$1.805 (8/12)
Community Psychiatric Centers $10.625 (9/12)
Devex 30
Malaysian Plantations 25♦ (7/12)
National Electronics Hldgs 4.469 (8/12)
North Flinders Mines £1.60 (4/12)
Oil Search 26
Palabora Mining £8.50 (8/12)
Sappi Ltd M$36.25 (8/12)
Storer Communications SK285.0 (9/12)
United Plantations Berhad DK7.965 (9/12)

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Further profit-taking as account ends

By Terry Byland, UK Stock Market Editor

Account Dealing Dates		
First Dealings:		
Nov 30	Dec 14	Jan 4
Option Declarations:		
Dec 10	Dec 30	Jan 14
Last Dealings:		
Dec 11	Dec 31	Jan 15
Account Day:		
Dec 21	Jan 11	Jan 25

New time dealings may take place from 8.00am two business days earlier.

LONDON equities remained a prey to sterling and stock index futures yesterday, falling sharply in early trading before rallying later in the session. Investment sentiment remained depressed by the discouragement to interest rate hopes from Mr Norman Lamont, the UK chancellor of the exchequer.

The close of the day's trading saw a fall of 10.3 for a FT-SE reading of 2,716.2 with traders continuing to take the view that the stock market was undergoing an expected bout of year-end profit-taking. A slow start to the new Wall Street session, which added an initial 9 Dow points to its overnight fall gave no encouragement to London at the end of the day.

Trading volume slipped to 692.1m shares from the 711.8m of the previous session, but there was a reduction in the tax-related business which featured trading on the previous day. Retail, or customer, business was worth £1.45bn on Thursday, indicating that year-end profit-taking was at significant levels.

Traders drew comfort from the Footsie's success in rallying from the day's low of 2,704.2, which came very early in the day and reflected initial weakness in the stock index futures sector. At last night's close, the Footsie was 43.2 points down on a week which has seen repeated bouts of profit-taking on doubts over prospects for a further one point cut in UK base rates.

Last night also brought the close of the two-week trading account in the UK stock market which has seen the Footsie fall by 1.6 per cent. Weakeness in sterling, together with general uncertainty surrounding the EC ministers' meeting in Edinburgh has encouraged institutional investors to take profits in UK equities without waiting for the end of the year.

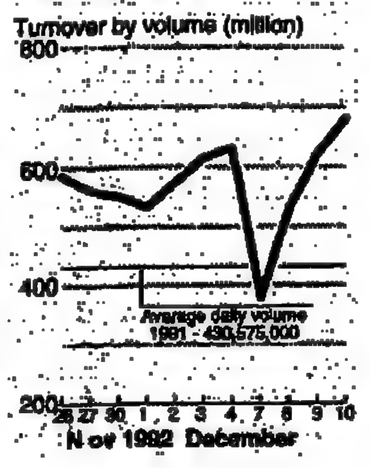
A trading programme from a leading UK investment bank helped the rally in the stock market during the second half of the session. But the City of London had largely discounted the UK Retail price index for November, showing an annualised rise of only 3 per cent.

Government bonds, responding favourably to the UK chancellor's indication that base rates were likely to remain stable for the rest of this year, put on about half a point at the longer end.

Equity strategists continued to suggest that, while the medium-term outlook for equities remains firm, there may be rotation early in the new year from 1992 outperformers into stocks which have underperformed.

● Trading volume has risen sharply as share profits have been taken in the wake of the sharp gains recorded since mid-September.

London SE volume



Broker caution hits Pru

NEWS that Prudential Corporation, the UK's biggest general insurance group, is pulling out of the rest of the commercial lines business in the UK plus a profits downgrade instigated by Credit Lyonnais Laing (CLL), the stockbroker, saw the insurance group's shares under heavy selling pressure yesterday.

The stock fell 11 to 281p, or 3.8 per cent, on hefty turnover of 5.6m shares.

The latest move by Prudential follows its decision earlier this year to pull out of the general insurance broker market. Pru's commercial lines interests involve small business, individual commercial policies and commercial motor insurance.

Mr Jonathan Sheehan at Credit Lyonnais lowered his current year profits estimate from £450m to £415m, citing three main factors. Firstly, the deterioration at M & G's reinsurance business, secondly, a slimming down of the business which could involve provisioning of up to £10m. Thirdly, he mentioned the recent firmer trend in sterling and expectations of provisions against the Canadian life business. The Laing analyst said he had told clients to top-slice their holdings in Prudential.

Ladbroke blow

A profit downgrade in Ladbroke by one of the company's joint brokers sent the shares reeling in very heavy turnover, although they later rallied. Smith New Court chopped £19m from its 1992 forecast to £191m and £10m from 1993's to £220m. Some houses were already revising their figures last night after learning of the Smith move and speaking to the company. Others are expected to follow suit on Monday.

Smith blames higher interest charges owing to currency fluctuations and other charges arising from changes in debt. The shares tumbled on the news, falling 9 before rallying to close just 4 off at 180p. Turnover was a heavy 11m. Analysts said that Ladbroke's secure and high-yielding dividend helped underpin the shares, despite the downgrade.

Dealers were astonished at the continuing level of demand for shares in Tadpole Technology, the computer work station designer, whose shares made their market debut on Monday.

Opening at 73p on Monday morning, compared with a placing price of 65p a share carried out by Henry Cooke Lumsden, the Manchester-based stockbroker, Tadpole shares shot up to 85p that day, to 113p on Tuesday, 135p on Wednesday, 143p by Thursday and rounded off a tumultuous week by soaring to 194p yesterday, a day's gain of 48p. Turnover yesterday reached 2.1m shares.

Some traders, shocked by the performance of the stock, advised caution and suggested switching some of the profits made in the stock into other shares in the sector.

The impact of this switching saw Sage leap 21 to 498p, Sanderson move up 18 to 242p and MicroFocus improve 58 to 2618p.

A roller-coaster ride in Great Universal Stores finished with the shares closing 12 ahead at 1630p, after being 35 off at one stage. One leading broker was said to have brought a large line of stock in the previous day's trading at 1640p and been finally forced to cut and run, selling 200,000 into the market when the price reached 1595p. A further 100,000 dribbled out at lower levels. Bargain hunters then appeared and the price moved swiftly ahead in heavy turnover for the tightly-traded stock of 1.2m.

There was good two-way business in Hillsdown, with the shares slipping 3 to 111p.

Food retailers, which this week hit a five-year high against the FT All-Share, drifted back in average trading and a modicum of profit-taking. Tesco fell 3 to 245p on 6m traded, Sainsbury, 3 down to 529p and Kwik Save 5 to 777p.

Argyll continued to slip, Goldman Sachs yesterday becoming the latest to consider its recent surge to be overdone. However, the US-owned broker says it still expects the shares to outperform in the long-term. Yesterday they lost 6 to 386p.

Profit downgradings from several brokers hit English China Clays, and the shares fell 7 early in the day before recovering to close 3 off at 426p. BZW reduced its current year forecast by £7m to £85m and the following year's figure by £14m to £98m. Mr Mark Cusack at the securities house blamed tough trading conditions particularly on the industrial minerals side for the reduction and added: "Volumes are holding up but prices and margins are under continuous pressure." Kleinwort Benson and S. G. Warburg were also said to have reduced forecasts.

Shares in Cookson Group ignored a modest profits downgrading from County NatWest and closed 6 up at 184p, after the same broker recommended the stock. County reduced the current year figure by £5m to £70m but moved the stock to a "Buy-Outperform" recommendation because of "Cookson's ability to get substantial growth without the need to assume any economic upturn."

Profit-taking in Tomkins saw the shares fall 10 to 237p, making it the day's biggest retreat among FT-SE 100 stocks. Turnover reached 3.6m.

Burmah Castrol edged up 4 to 670p with a number of broking houses taking the view that the stock has been oversold on worries about the extent of the economic downturn on the Continent, and especially in Germany.

British Petroleum rallied modestly, edging ahead to 222p on almost 9m traded, helped by the small rally in crude oil prices. Specialists noted more of the recent large-scale selling by UK instititutions, with all of the stock said to be winging its way across the Atlantic Ocean to the US, where the big institutions continue to see the company as a strong currency and recovery play.

An early bout of profit-taking caused a retreat in Reuters. The shares closed 22 lighter at 1351p. RTZ also suffered the same fate, falling 6 to 638p on trade of 1.1m. But it was a stock overhang that was said to have weakened BAT and the shares gave up 8 to 946p.

Turnover in Hanson rose to 12m with a substantial part of the day's volume said to be a result of a programme trade. The shares closed 3 lighter at 223p, with the company's reports and accounts landing on investors' desks in the last half-hour of trading.

Hotel group Forte gained 3 to 167p as BZW was said to be recommending the stock in the wake of its deal this week to sell its Gardner Merchant catering subsidiary. First Leisure improved 7 to 307p following remarks from the chairman that trading was holding up. A squeeze sent Thorn EMI forward 9 to 813p. An upgrade and buy recommendation from Smith New Court helped Resort Hotels add 1½ to 25¼p.

Among engineers, Siebe which reported figures earlier this week, jumped 6 to 397p, with Charterhouse Tilney said to have shown a keen interest in the stock. A stock overhang following a large sell order depressed IMI and the shares closed 15 lower at 237p.

In transports, a large US seller of Tiphook, which reports figures on Monday, caused a slide in the stock towards the end of the session. The shares fell 25 to 284p, making it the day's biggest fall in the market in percentage terms.

BICC, a weak market in recent days, picked up to close a net 17 higher at 304p with the shares said to have been recommended by one of the UK integrated broking firms.

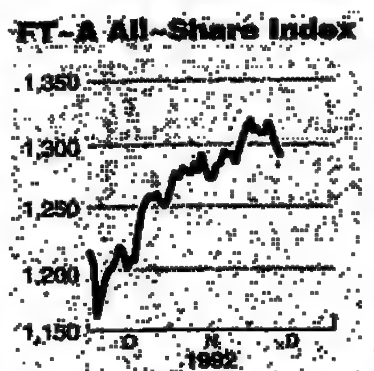
Insurance broker Sedgwick attracted exceptionally heavy support and moved up 6 to 156p amid hints of a big broker buy note in the near future.

Building materials and contracting group Tarmac jumped 6 to 105p, after 106p, as the market responded to the latest burst of takeover speculation.

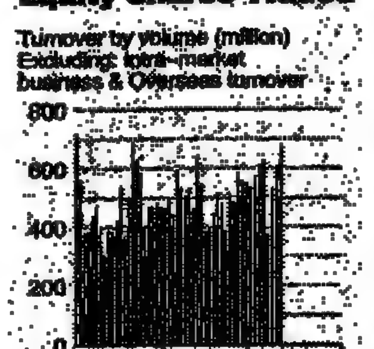
MARKET REPORTERS:
Joel Kibazo,
Christopher Price,
Steve Thompson.

■ Other market statistics, Page 13

FT-A All-Share Index



Equity Shares Traded



NEW HIGHS AND LOWS FOR 1992

NEW HIGHS (38). BRITISH FUNDS (1) Treas. 8pc '03, AMERICANS (4) Echlin, Merrill Lynch, Sun Inc., Varity, BUILDING MATERIALS (1) Wolseley, CHEMICALS (1) Halstead, ELECTRONICS (4) Electrocomps., Farnell, Misys, Rodime, ENGINEERING GENERAL (1) Siebe, FOOD RETAILING (2) Morrison (Wm), Do 5¼pc Pf., HEALTH & HOUSEHOLD (1) Elan, INSURANCE LIFE (1) Lincoln Natl., INVESTMENT TRUSTS (8) Drayton Blue Chip Zero Pf., EFM Inc. Zero Pf., Foreign & Col. Enterprise, GT Venture, Gartmore Scot. Zero Pf., Gartmore Value Zero Pf., Murray Enterprise, TR Tech. Stpd. Pf., MEDIA (3) News Intl., Reed, Telegraph, MISCELLANEOUS (1) Danka Business, OTHER FINANCIAL (1) Cattle's, OTHER INDUSTRIAL MATERIALS (1) Cookson, STORES (1) Essex Furniture, TEXTILES (2) Albion, Celestion, TRANSPORT (1) Mersey Docks, WATER (1) Cheam, MINES (1) Antofagasta.

NEW LOWS (34). BREWERS & DISTILLERS (1) Guinness, BUSINESS SERVICES (1) Dart, CHEMICALS (1) Caird 7p Pf. '09, ELECTRICALS (2) Lec, Maddox, ELECTRONICS (2) Kewill Systems, Lynx, ENGINEERING AEROSPACE (1) ML, HEALTH & HOUSEHOLD (1) Crown Eyeglass, INVESTMENT TRUSTS (1) Eng. & Caledonian, MEDIA (3) Birkdale, Intl. Business Comms., Yorks. Tyne-Tees, MOTORS (1) ERF, OIL & GAS (1) Aberdeen, OTHER FINANCIAL (3) Baltic, Cambridge, LIT, PACKAGING, PAPER & PRINTING (1) Sleeden, PROPERTY (1) Five Oaks, TRANSPORT (2) Fisher (J), TIP Europe, MINES (2) Butte, Southvaal.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	66	5	9	162	175	63
Other Fixed Interest	10	2	3	44	21	10
Commercial, Industrial	222	322	872	1,383	1,261	4,444
Financial & Property	83	152	563	562	628	2,812
Oil & Gas	19	19	47	80	90	255
Plantations	0	0	9	1	1	43
Mines	15	19	107	106	141	462
Others	38	48	30	242	177	164
Totals	453	567	1,640	2,580	2,494	8,253

FT-SE Actuaries Share Indices

	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Year ago	1992 High	1992 Low	Since compilation High	Since compilation Low
FT-SE 100	2716.2	2726.5	2750.7	2769.8	2754.5	2451.6	2792.0	2281.0	2792.0 (1/12/92)	986.9 (23/7/84)
FT-SE Mid 250	2682.0	2666.6	2672.5	2682.0	2674.3	2390.2	2825.8	2157.8	2825.8 (20/5/92)	1379.4 (21/1/86)
FT-SE-A 350	1318.0	1322.4	1332.4	1340.7	1334.1	1187.1	1345.5	1103.1	1345.5 (1/12/92)	664.5 (14/1/86)

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/Day	Low/Day
FT-SE 100	2716.1	2705.6	2711.4	2709.2	2715.9	2716.0	2717.8	2717.9	2714.6	2720.5	2704.2
FT-SE Mid 250	2661.7	2656.2	2558.4	2654.8	2659.5	2660.8	2661.7	2663.2	2661.7	2663.6	2654.8
FT-SE-A 350	1317.9	1313.3	1315.8	1314.6	1317.6	1317.8	1318.6	1318.8	1317.3	1319.8	1312.8

Gross dividend yield (ACT at 25%) FT-SE 100: 4.50

FINANCIAL TIMES EQUITY INDICES

	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Year ago	*High	*Low
Ordinary share	2062.8	2064.2	2074.8	2091.2	2084.1	1863.9	2149.7	1670.0
Ord. div. yield	4.48	4.48	4.45	4.43	4.45	4.96	5.34	4.24
Earning yld % full	6.18	6.15	6.11	6.08	6.11	7.43	-	-
P/E ratio net	20.78	20.81	20.93	21.04	20.95	16.93	21.21	15.79
P/E ratio nil	19.13	19.16	19.27	19.37	19.29	15.97	-	-
Gold Mines	65.7	66.4	67.6	69.4	70.9	152.1	160.8	63.0

*for 1992 Ordinary share index since compilation: high 2148.7 22/5/92 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71 Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share Hourly Changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High/Day	Low/Day
2057.1	2049.3	2055.1	2052.5	2061.0	2062.1	2063.0	2064.5	2062.0	2065.3	2048.5

Volume	Dec 11	Dec 10	Dec 9	Dec 8	Dec 7	Year ago
SEAQ Bargains	29,526	25,579	24,392	24,308	25,898	27,924
Equity Turnover(£m)†	-	1453.1	1278.4	1156.4	879.6	958.56
Equity Bargains†	-	28,799	28,106	30,982	28,399	26,924
Shares traded (mil)†	-	683.2	609.8	538.2	378.9	482.9

† Excluding intra-market business and overseas turnover.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ACT	2	483	-5	Comm. Union	608	587	+3	Lonrho	7,100	72	-3	Shell Transport	5,700	546	-2
ASDA Group	18,000	52	-1½	Cookson	8,600	184	+6	Lucas	4,900	128½	-½	Siebe	1,100	397	+6
Abbey National	2,900	355	-2	Courtaulds	1,500	594	-2	MB Caradon	2,100	257	-14	Slough Ests	757	140	
Albert Fisher	11,000	52	+2	Dalgety	217	463	-1	MEPC	1,100	330	+2	Smith (W.H.) A	718	464	-9
Allied-Lyons	2,400	633	-4	De La Rue	392	850	+2	Manweb	1,200	469	-4	Smith & Nephew	3,100	160½	-½
Amstrad	806	24		Dixons	2,000	256	-5	Marks & Spencer	12,000	316	-3	SmKl Beecham	3,400	522	-4
Anglian Water	975	465	-3	Eastern Elect.	684	397	-3	Midlands Elect.	652	440	-5	SmKl Beecham Uts.	543	465	-3
Argos	3,200	280	+2	East Midland Elect.	646	407	-2	NFC	1,100	256	-3	Smiths Inds.	613	341	
Argyll Group	3,700	386	-6	Eng China Clays	1,800	426	-3	NatWest Bank	2,800	390	-1	Southern Elect.	779	421	-3
Arjo Wiggins	4,000	141	-2	Enterprise Oil	679	426	-8	National Power	6,600	268½	-8½	South Wales Elect.	338	484	-12
[illegible]															
Blue Circle	1,800	176	+4	Hanson	12,000	223½	-2½	Redland	906	355	-6	Trafalgar House	1,600	81	
Booker	1,800	356	-6	Hanson Warrants	2,600	17½	-⅛	Reed Intl	2,000	632	+6	Unigate	229	280	-4
Boots	3,300	504	+5	Harrisons Crosfield	2,300	140		Rentokil	1,100	191	-3	Unilever	1,000	1084	+2
Bowater	1,100	472	+2	Hillsdown	4,000	111	-3	Reuters	1,500	1351	-22	United Biscuits	2,500	335	-2
Brit. Aerospace	1,800	138	+1	IMI	2,500	237	-15	Rolls Royce	4,800	103	+3	Utd. Newspapers	1,800	503	+4
British Airways	2,700	280	+1	ICI	839	1017	-8	Rothmans	1,400	631	-12	Vodafone	2,800	409	+1
British Gas	4,700	285½	-1	Inchcape	1,000	488	-1	Ryl Bk Scotland	2,300	191		Warburg (SG)	168	494	-5
British Land	2,300	172	-2	Kingfisher	1,300	561	-8	Royal Insurance	1,400	265½	-6½	Wellcome	2,100	1014	-5
British Steel	8,500	53	-1	Kwik Save	213	777	-5	Saatchi	591	158	+6	Welsh Water	468	511	-2
Bunzl	158	105		Ladbroke	14,000	180	-4	Sainsbury	2,100	529	-3	Wessex Water	114	560	-3
Burmah Castrol	1,400	670	+4	Land Securities	1,100	417	+2	Scottish & New.	1,000	436	+5	Whitbread 'A'	1,000	453	+8
Burton	1,900	60½	+1	Laporte	358	612	-4	Scot. Hydro-Elect.	372	249	-1	Williams Hldgs	2,500	309	-1
Cable & Wire	3,000	647	-1	Legal & General	1,000	418	+3	Scottish Power	1,800	230½	+½	Willis Corroon	4,700	176	+2
Cadbury Schweppes	2,600	456		Lloyds Abbey	439	379	-5	Sears	7,100	95	-2	Wimpey	438	98	
Calor Group	23	213		Lloyds Bank	2,500	499	-3	Sedgwick	1,600	156	+6	Wolseley	2,200	516	+8
Carlton Comms.	1,000	709	-3	LASMO	3,200	145	+2	Seeboard	112	428	-7	Yorkshire Elect.	305	462	-5
Coats Viyella	3,800	212	-3	London Elect.	1,000	417½	-9½	Severn Trent Water	2,800	450	+1	Yorkshire Water	357	566	+2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

STOCK index futures traded in a tight range on the last day of the underlying equity account, as technical trading ahead of next week's expiry of the December FT-SE Index contract brought improved turnover in futures, writes Joel Kibazo.

A poor opening on the December FT-SE contract brought selling, sending the contract to the day's low of 2,718, and hit the cash market.

A leading US house was a big buyer of gilts after the release of inflation figures, and this encouraged renewed buying interest of the December contract. It rose to the day's high of 2,738 ahead of lunch before trading in a narrow range of 2,725, and 2,735 for the rest of the session.

Once again dealers reported good roll-over from the December contract into March.

December closed at 2,727, nine points above estimated fair value premium and about four above cash. Turnover was a healthy 11,582 lots.

Traded options were dull, with turnover reaching only 20,271 contracts, with the FT-SE 100 option a mere 6,346.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	107.8419	-0.002	8.79	8.84	8.86
BELGIUM		8.750	06/02	104.9500	-	7.98	8.02	7.97
CANADA *		8.500	04/02	103.3000	-0.100	7.99	8.00	7.94
DENMARK		9.000	11/00	100.8000	+0.200	8.85	9.05	8.58
FRANCE	BTAN	8.500	03/97	101.1301	+0.035	8.15	8.12	7.91
	OAT	8.500	11/02	101.9450	+0.080	8.20	8.25	8.06
GERMANY		8.000	07/02	104.0500	+0.150	7.39	7.40	7.30
ITALY		12.000	05/02	93.6900	+0.385	13.82†	13.78	13.40
JAPAN	No 119	4.800	06/99	101.5380	-0.053	4.49	4.45	4.58
	No 145	5.500	03/02	106.8482	-0.141	4.60	4.60	4.82
NETHERLANDS		8.250	06/02	105.3600	+0.310	7.43	7.50	7.51
SPAIN		10.300	06/02	87.9600	+0.400	12.80	12.71	12.56
UK GILTS		10.000	11/96	108-30	+6/32	7.23	7.32	6.86
		9.750	08/02	109-00	+11/32	8.37	8.37	8.01
		9.000	10/08	103-01	+15/32	8.64	8.73	8.52
US TREASURY *		6.375	08/02	97-06	-8/32	6.78	6.90	6.85
		7.625	11/22	103-08	-5/32	7.44	7.54	7.73
ECU (French Govt)		8.500	03/02	97.9250	+0.270	8.83	8.83	8.81

London closing, *denotes New York morning session. Yields: Local market standard
† Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.)
Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since January 2 1992 based on Friday 11 December 1992

Water	+	44.40	Consumer Group	+	6.90
Banks	+	32.92	Packaging and Paper	+	5.21
Food Retailing	+	29.02	Merchant Banks	+	4.38
Electronics	+	26.24	Food Manufacturing	+	3.17
Media	+	24.31	Conglomerates	+	2.71
Other Industrials	+	24.13	Engineering-General	+	2.08
Electricity	+	24.05	Brewers and Distillers	+	1.05
Motors	+	20.14	Business Services	+	0.29
Textiles	+	17.71	Electricals	+	0.08
Insurance(Composite)	+	16.58	Hotels & Leisure	-	1.22
Financial Group	+	15.26	Health & Household Products	-	1.40
Other Groups	+	14.96	Chemicals	-	2.37
Telephone Networks	+	14.47	Metals & Metal Forming	-	3.90
Stores	+	14.41	Oil & Gas	-	5.87
Insurance (Life)	+	13.20	Building Materials	-	8.56
Transport	+	11.25	Engineering-Aerospace	-	17.99
Industrial Group	+	9.70	Property	-	22.94
All-Share Index	+	8.81	Contracting, Construction	-	25.96
Capital Goods	+	8.35	Insurance (Brokers)	-	25.98
500 Share Index	+	7.88	Gold Mines Index	-	52.40
Investment Trusts	+	7.82			

COMMODITIES

WEEK IN THE MARKETS

Russian turmoil halts oil slump

POLITICAL turmoil in Russia helped produce a dramatic change in oil market sentiment this week, something desperate efforts by members of the Organisation of Petroleum Exporting Countries had previously failed to achieve.

On Wednesday the price of North Sea Brent crude for January delivery dropped by 30 cents to $17.70 a barrel – its lowest level since March. The following day, as thousands of supporters and opponents of Mr Boris Yeltsin held rival protests near Moscow's Red Square after the Russian premier's call for a referendum, the price rebounded by 50 cents, or nearly 3 per cent, $18.20 a barrel.

It continued to move up early yesterday and reached $18.70 at one point in London but after news came in that Mr Yeltsin and representatives of Russia's legislature had agreed to resolve the crisis "in strict accordance with the constitution", it dropped back again to $18.12.

Russia is the world's biggest oil producer and it exports about 2m barrels of oil a day (b/d) to the west. Traders said they were worried that a deepening political crisis there might disrupt export supplies. Russia's output has already been falling dramatically.

The change in sentiment was also aided by Iran's indication on Thursday that it was ready to cut production below the level allocated to it by Opec if prices remained weak. Then the US was hit by storms, which first swept through the mid-west. Yesterday the north east of the US was assailed by what forecasters suggested was one of the worst winter storms in recent years. They said the extremely cold weather would continue for at least a week. Wind, rain and snow stopped many traders getting to New York's commodity exchanges on time yesterday and business was very thin at the start of the day.

Another of life's necessities – coffee – seems set to go up in price in retail outlets following a strong surge on world markets which took roasters by surprise. Reuter reported yesterday that European coffee manufacturers were considering increasing retail prices because the present rally might be the start of a long-term trend.

Coffee's recovery since May, when the London Robusta price was $670 a tonne – its lowest since the early 1970s – to a 13-month high of $1,037 a tonne at one stage yesterday, has been helped by expectations of lower crop levels in Brazil and Colombia and the fact that the International Coffee Organisation is still hoping to negotiate a new price-support pact by the end of March. This would take effect when the present administrative accord expires in September next year.

On the London Metal Exchange yesterday zinc prices were sent plummeting to $1,055 a tonne by the revelation that stocks in the exchange's authorised warehouses had risen by an astonishing 37,325 tonnes to a record 432,175 tonnes. This followed a 15,800-tonne rise reported by the LME on Tuesday and indicated a 14 per cent jump in one week.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+8,475	to 1,493,775
Copper	+4,025	to 332,850
Lead	+1,875	to 205,700
Nickel	+1,320	to 66,276
Zinc	+37,325	to 432,175
Tin	+310	to 14,680

Traders said it was probably physically impossible for so much metal to have been delivered in such a short space of time so the zinc must already have been in warehouses for several weeks but not previously been registered as LME stock.

They suggested the stock explosion resulted from the long-running series of squeezes on the LME's zinc market which caused the exchange's executive several times to warn traders it was closely monitoring the market. At one time in the summer the LME imposed a limit on zinc's daily backwardation (premium for metal for immediate delivery).

After the initial shock yesterday, traders said investment fund buying emerged and the price recovered. Zinc for delivery in three months ended yesterday at $1,0975 a tonne, up $6.75 on the day but down $9.75 in the past week.

Worries about Russian supplies also buoyed up the price of palladium, a precious metal which is part of the platinum group "family" and is used by the electrical and dental industries and by car catalyst producers. Russia is the world's biggest supplier of palladium.

The price rally, which has taken the palladium from $98 a troy ounce to last night's $112.50 in London – a 28-month peak – was started by private speculators in Tokyo. One trader suggested: "Someone is squeezing the hell out of the market. If this was one of the London Metal Exchange metals, someone would be having his knuckles rapped for doing some naughty manipulation."

Kenneth Gooding

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

OTR | on Tsp

MANAGED FUNDS SERVICE

● Current Unit Trust ... and 49p/minute at ... 36p/minute cheap rate ... ring (071) 925-2128.

Sharp (Albert E.) & Co (1000)F

Sheppards Unit Trust Mngmt Ltd (1200)F

Singer & Friedlander UT Mngmt Ltd (1000)F

Smith & Williamson Unit Tst Mgrs (1600)F

Societe Generale Touche Remnant (1600)F

Sovereign Unit Trust Mngrs Ltd (1000)F

Standard Life Tst Mngmt Ltd

State Street Unit Trust Mngmt Ltd

Stewart Ivory Unit Tst Mgrs Ltd (1200)H

Sun Alliance Unit Trust Mngmt Ltd

Sun Life of Canada Unit Mgrs Ltd

Sun Life Trust Mngmt Ltd (1200)H

Swiss Life Unit Tst Man Co Ltd (1200)F

TSB Unit Trusts (1200)H

T.U. Fund Managers Limited (1200)H

Target Trust Mngrs Ltd (1200)F

Templeton Unit Trust Managers Ltd (1200)F

Thornton Unit Managers Ltd (1200)F

UK Standard Inv Mngs Ltd (1200)F

United Charities Unit Trusts (1000)H

Waverley Unit Tst Mngt Ltd (1000)F

Wessex Asset Management (1600)F

Whittingdale Unit Tst Mgmt Ltd (0830)F

Woolwich Unit Trust Managers Ltd (1700)H

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Baring Investment Mngmt Ltd

Charities Fund

Charities Official Inv Fd

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Mngrs PLC

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd

Local Authorities Mutual Invest. Tst.

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Murray Johnstone UT Mngmt

J. Rothschild Fund Managers Ltd

Rothschild Asset Management

Societe Generale Touche Remnant UT Mgmt

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

AEGON Life Assce

Abbey Life Assurance Co Ltd

Albany Life Assurance Co Ltd

Allied Dunbar Assurance Plc

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

Black Horse Life Assurance

Britannia Life Assurance

Britannia Life Ltd

Canada Life Group

Cannon Assurance Ltd—Contd.

Century Life Assurance Company Ltd

Century Life Plc

Citibank Life

City of Westminster Assurance

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Commercial Union Group

Consolidated Life Assurance Co Ltd

Cornhill Life Assurance Co

Cornhill Insurance PLC

Crown Financial Management Ltd

Crown Financial Management Ltd—Contd.

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Society

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Guardian Royal Exchange—Contd.

Hearts of Oak Insurance Group

Henderson Administration

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society

Ideal Insurance Co Ltd

Interlife Assurance Co Ltd

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Legal & General—Contd.

Liberty Life Assurance Co Ltd

Life Association of Scotland

Lifetime Assurance Co Ltd

London Indemnity & Gnl. Ins. Co Ltd

London Life

London & Manchester Assurance

M & G Life and M & G Pensions

MGM Assurance Ltd

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NM Life Assurance Ltd

N & P Life Assurance Ltd

National Mutual Life

National Provident Institution

Norwich Union Asset Management Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Continued on next page

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Prolific Life & Pensions Ltd

[illegible]

Prosperity Life Assurance Ltd

[illegible]

Providence Capital Life Assc. Co Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Provident Mutual Life Assc. Assn.

[illegible]

Prudential Assurance Co

[illegible]

Prudential Corporate Pension Funds

[illegible]

Prudential Individual Life Funds

[illegible]

Prudential Individual Pension Funds

[illegible]

Reliance Mutual

[illegible]

J Rothschild Assurance PLC

[illegible]

Royal Heritage Life Assurance Ltd

[illegible]

Royal Life Insurance Ltd

[illegible]

Royal Liver Assurance

[illegible]

Save & Prosper Group

[illegible]

Scottish Amicable

[illegible]

Scottish Equitable Life Assc. Soc.

[illegible]

Scottish Life Investments

[illegible]

Scottish Mutual Assurance plc

[illegible]

Scottish Provident Institution

[illegible]

Scottish Widows' Group

[illegible]

Shield Assurance Ltd

[illegible]

Skandia Life Assurance Co Ltd

[illegible]

Standard Life Assurance Company

[illegible]

Sun Alliance Group

[illegible]

Sun Alliance Group—Contd.

[illegible]

Sun Life Unit Assurance Ltd

[illegible]

Swiss Life (UK) PLC

[illegible]

Swiss Pioneer Life Plc

[illegible]

TSB Life Ltd

[illegible]

Target Life Assurance Co Ltd

[illegible]

Teachers' Assurance Company Ltd

[illegible]

Templeton Life Assurance Limited

[illegible]

Tunbridge Wells Equitable

[illegible]

Wesleyan Assurance Society

[illegible]

Windsor Life Assur Co Ltd

[illegible]

Westwick Life Assurance Co Ltd

[illegible]

Zurich Life Assurance Co Ltd

[illegible]

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co

[illegible]

AEtna Intl Assurance (Bermuda) Ltd

[illegible]

Albany International Assurance

[illegible]

CMI Insurance Co Ltd

[illegible]

Eagle Star Intl Life

[illegible]

Equitable Life (International)

[illegible]

Fidelity International

[illegible]

Hansard International Ltd

[illegible]

Isle of Man Assurance Ltd

[illegible]

NEL Britannia International Ltd

[illegible]

PanEuroLife societe anonyme

[illegible]

Providence Capital International

[illegible]

Royal Life Intl. Ltd

[illegible]

Royal Skandia Life Assurance Ltd

[illegible]

Sun Alliance International Life

[illegible]

MANAGEMENT SERVICES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

GUERNSEY (REGULATED)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)

[illegible]

ISLE OF MAN (SIB RECOGNISED)

[illegible]

ISLE OF MAN (REGULATED)

[illegible]

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are … cheap rate and 48p/minute at all other … 925-2128.

	Bid Price	Offer Price	+ or -	Yield Gross
IBI Global Funds Limited				
Intl Stlg Grwth	£19.92	20.98		-
Intl $US Grwth	$17.91	18.87		-
High Income Gilt	£25.88	26.83		-
International Equity	£20.15	21.20		-
International Bond	£22.07	22.88		-
Managed Currency	£27.45	27.74		-
Sterling Currency	£26.44	26.72		-
US$ Currency	$37.75	38.14		-
Irish £ Currency	I£15.18	15.34		-
R & H Fund Managers Ltd				
LFM Sterling Fd	£11.04	11.51		-
R.F. Offshore Inc Fd Ltd	£11.19	11.85		-
Target International (Isle of Man) Ltd				
MC Offshore Fd	£9.05	9.79		-

JERSEY (SIB RECOGNISED)

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Fund Managers (CI) Ltd						
PO Box 468 St Helier Jersey						0534 36633
AIB Currency Funds Ltd						
Intl Managed Bond	5		16-20.9641	20.9...		-
Managed Capital Bd	5		16-21.1297	21.1344		-
AIB Cradock Currency Fund Limited						
Stlg Mngd Currency	5		£-	10.9703		-
Sterling Currency Fd	5		£-	10.5486		-
Ecu Currency	5		Ecu-	10.6723		-
US Dollar Mngd Curr	5		$-	21.5465		-
Barclays International Funds						
PO Box 152, St Helier, Jersey CI						0534 67888

WORLD STOCK MARKETS

US MARKETS (3 pm)

December 11	US$	+ or −
AAR Corp	11¼	+⅛
AMP Inc	56	+⅛
AMR Corp	61⅛	+⅛
ASA	32½	−⅛
Abbott Labs	31⅛	+⅛
Acme Cleveland	8	....
Advanced Micro	16¼	−⅛
Aetna Life	47⅝	−½
Affiliated Publ	11½	....
Aflac	32⅝	−⅛
Ahmanson (HF)	16¾	−⅛
Air Prod & Chemical	46	....
Alberto-Culver B	25¾	−⅛
Albertson's	52	−⅛
Alcan Aluminium	17½	....
Alco Standard	37⅛	−⅛
Alexander & Alex	26⅛	+⅛
Alex & Baldwin	23	....
Allegheny Power	46⅝xd	+⅛
Allied Signal	59⅝	+1⅛
Aluminium Co of Am	72	−⅛
Amax	16½	−⅛
Amdahl Corp	7⅛	−⅛
Amerada Hess	46½xd	....
Amer Brands	42¾	−½
Amer Cyanamid	58¾	−⅛
Amer El Power	31¼	+⅛
Amer Express	24⅛	−⅛
Amer Genl Corp	52⅞	....
Amer Greetings A	50¼	−1⅛
Amer Home Pr	72⅛	....
Amer International	118¼xd	+1⅛
Amer Natl Ins	49½xd	+½
Amer Stores	45¼	−½

December 11	US$	+ or −
Corning Inc	39⅛xd	−⅛
Crane	22⅛xd	+⅛
Cray Research	23	−⅛
Crown Cork & Seal	38⅛	+⅝
Cummins Engine	75	+⅞
Curtiss-Wright	29½xd	+⅛
Cypress Semicond	10⅞	−⅛
Cyprus Minerals	28⅞	+⅛
DSC Commun	19⅛	+1
DQE	31⅛xd	−⅛
Dana Corp	44½	−⅛
Data General	11½	−⅛
Dayton Hudson	74	+1½
Deere	40⅛	+⅛
Delmarva Pow & L	22⅛	....
Delta Air Lines	50⅛	−1⅛
Deluxe Corp	46¼	−⅛
Detroit Edison	31⅞xd	+1⅛
Dial Corp Del	40⅛	−⅛
Diebold Inc	59½xd	−⅛
Digital Comms	16⅞	+⅛
Digital Equipment	33¼	−⅛
Dillard Dept St	48	+1
Disney (Walt)	40⅛	−⅛
Dole Food Inc	31⅛	+⅛
Dominion Res	39⅛	....
Donnelley (RR)&Sons	30⅞	−⅛
Dover Corp	45⅛	−⅛
Dow Chemicals	56⅛	−⅛
Dow Jones	27⅞	....
Dravo Corp	9	−⅛
Dresser	17½	−⅛
Dreyfus Corp	38⅛	−½
Duke Power	35⅝	−⅛
Dun&Bradstreet	57⅝	−⅛
Du Pont	49	+⅛

INDICES

JAPAN

CANADA

WORLD STOCK MARKETS

AMERICA

Dow falls as storms keep traders away

Wall Street

US SHARES remained weak across the board in quiet trading as a heavy rainstorm flooded parts of downtown Manhattan, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was down 4.86 at 3,303.54, having traded all morning a few points below Thursday's close.

The more broadly based Standard & Poor's 500 moved in similar fashion, easing 1.19 to 433.45, while the Amex composite edged 0.17 higher to 392.56 and the Nasdaq composite gave up 3.60 at 655.33. Volume on the NYSE was well below recent levels at 104m shares by 1 pm, and declines outpaced rises by 916 to 694.

Trading was impaired by the storms that hit the north east coast, with many market participants unable to make it into work. Due to flooding near Wall Street and the closure of much of New York's transit system, the government bond markets closed early at 1 pm.

The labor department announced that consumer prices rose just 0.2 per cent in November, in line with market expectations.

Following Thursday's news of a decline in producer prices last month, analysts are confident that inflationary pressures are not building up despite the gathering pace of the recovery.

The day's other economic news came from the University of Michigan, which reported another big rise in its monthly index of consumer confidence, evidence that the surge in optimism recorded since the election has carried through into early December.

Although the two sets of data were positive, share prices eased on continued profit-taking and investors remained wary of a market they believed to be over-bought.

Among individual stocks, IBM rose $¾ to $62¼, reversing a week of declines prompted by renewed concern about further restructuring and talk that the company's dividend was under threat.

Smith International climbed $⅛ to $8¾ in busy trading after the company announced it was selling its Directional Systems & Services business to Halliburton for about $240m in Halliburton stock. The news left Halliburton $¾ lower at $28¾.

Santa Monica Bank dropped $1¾ or 17 per cent to $8¾ after announcing it would make a loss in 1992 because of the real estate recession in its local market. The bank will also be unable to pay a fourth-quarter dividend.

On the Nasdaq market, Biogen jumped $3¼ to $46½ in volume of 1.7m shares on forecasts from the company that 1992 earnings would come in above $1 a share, compared to the 15 cents a share earned in 1991.

Canada

TORONTO stocks remained flat at midday in extremely light trading as a snowstorm prompted many players to leave work early. Gold shares climbed on a rise in bullion prices, while the transportation and real estate groups led the losses.

The TSE-300 Index fell 0.7 to 3,269.6 in volume of 18m shares valued at C$146m. Declines led advances by 216 to 179 with 249 issues unchanged.

TransCanada Pipelines rose C$⅛ to C$17¼ while Placer Dome rose C$⅛ to C$14⅜.

SOUTH AFRICA

JOHANNESBURG recovered slightly as trading started to wind down ahead of the holidays. The overall index fell 39 to 3,239 while the industrial index closed 55 lower at 4,317, both off their day's lows. The gold index was up 1 at 817.

Frankfurt feels the chill winds of recession

Investors believe that German equities will only recover when the Bundesbank eases, says **David Waller**

News yesterday that Klöckner-Werke, a big steel, plastics and machinery group, had filed for the German equivalent of Chapter 11 protection from its creditors is the latest in a series of blows for the German stock market.

In the past few months, one company after another has announced poor profits and plans to trim staff. These include Daimler-Benz, the country's biggest industrial company, where earnings are likely to drop by a quarter over this year, as well as virtually all the motor companies, the big chemicals companies and the large engineering groups.

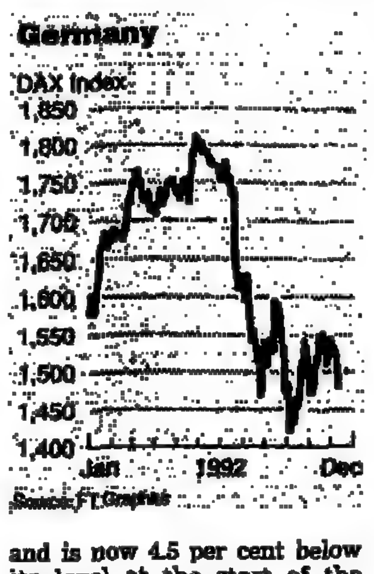
This is vivid evidence that after two years of post-reunification growth, which decoupled Germany from the economic downturn afflicting most of the rest of the world, the country is sliding rapidly from stagnation to recession.

Economists are predicting zero growth for west German GDP next year, a prognosis which may soon look too optimistic.

Furthermore, the interest rate environment in Germany remains harsh, especially given the weakness of the economy. The Bundesbank raised interest rates to historically high levels in July, reduced them only grudgingly during September's European currency crisis, and failed to deliver a long-awaited further cut in rates after its regular council meeting on Thursday.

None of this was forecast a year ago when brokers were making their forecasts for 1992. As Mr Uwe Flach, a main board director of the DG Bank, said ruefully in a recent speech, the expectation was that the DAX index would climb from around 1,550 to 1,900 – a mistaken prognosis, he admitted.

For the first few months of the year, such expectations seemed to be justified and the index climbed to 1,812 in the last week of May. But it has since fallen back below 1,500



and is now 4.5 per cent below its level at the start of the year.

Seasoned investors know that an equity market can rally even during the deepest recession, but there is little support for the view that now is a good time to buy German equities. The best that analysts hope for is a small rally towards the end of the first quarter next year, but a sustained recovery is only likely in the second half.

The reasoning behind this is that the full deterioration of the economy has yet to feed through into equity prices. There has been a general reluctance by both investors and managers of German companies to believe that Germany could fall victim to a fully-fledged recession, after 10 years of unbroken growth.

Even if other German companies do not suffer the same fate as Klöckner-Werke, their fourth-quarter profit figures – not to be published until late January or February – could come in well below expectations and prompt further share price weakness.

Working against this pessimistic view is the widespread hope that the Bundesbank will eventually cut its headline interest rates, in line with its stance in previous recessions when it has relaxed policy significantly. According to many forecasts, the Lombard rate is likely to fall to 7 per cent by the end of next year, from 9.50 per cent now.

Recent confirmation of weakness in the economy – combined with the first signs of wage restraint (steelworkers in the north-west of Germany settled for 3.3 per cent between 1992 and 1994) – has encouraged the belief that the Bundesbank will cut its rates during the first quarter of next year.

When the Bundesbank finally cuts its rates, this should revive the equity market. If the cut is generous enough to be taken as an unequivocal sign that the era of high interest rates is over, it will also provide an incentive for investors to look beyond Germany's short-term troubles.

But there are two problems here. Firstly, it is by no means certain that the Bundesbank will cut interest rates that quickly, or that sharply: as Mr Helmut Schlesinger, the bank's president, made clear again this week, inflation at 3.7 per cent is still too high in Germany and the increase in VAT scheduled for the beginning of next year will take it above 4 per cent.

Moreover, Mr Schlesinger maintains that long-term interest rates have been cut already. Long bund yields are at 7.3 per cent, where they were before reunification and down from 8.4 per cent a year ago. He also maintains that high short-term rates have not damaged the economy.

The second problem is that even when rates are cut, say, towards the end of the first quarter, there may still be more bad news to come on the economy. Thus the equity rally induced by the first cut in the Lombard rate may be short-lived.

Consequently, brokers are already looking ahead to 1994, by which time they confidently expect the US and other countries in Europe to have pulled their economies out of recession and in so doing, will help export-orientated Germany to recover.

EUROPE

Corporate sector deals another blow to bourses

MORE bad news from the corporate sector dealt a fresh blow to bourses yesterday, *writes Our Markets Staff.*

FRANKFURT ended at its lowest level in five weeks, depressed by the Bundesbank's decision on Thursday not to lower interest rates and by yesterday's news that the steel group Klöckner-Werke was seeking court protection from its creditors. The DAX index fell to a day's low of 1,462 but recovered slightly in late trading to finish down 18.47 at 1,476.01, a 3 per cent decline on the week. Turnover rose to DM4.9bn from DM4.2bn.

There was no trading in Klöckner-Werke shares which were suspended at DM58.50. Dr Glen Liddy, a German analyst at Kleinwort Benson, said the news highlighted the structural problems in the European steel industry – overcapacity and depressed prices for products. The German steel makers, in particular, faced additional problems, he said, because they tended to be skewed towards supplying the domestic auto industry, which was also in difficulty.

Other steel makers fell on the announcement: Thyssen dropped DM5.70 to DM149.60 and Preussag slipped DM6 to DM341.50. Deutsche Bank, which has already suffered this week from poor 10-month figures, shed a further DM14 to DM627.50 on the fact that it is the steel group's house bank. Viag, which has an indirect holding in Klöckner, dipped DM14.50 to DM319.50.

Daimler was supported by late news on Thursday that the European Fighter Aircraft project, in which the group has a 33 per cent stake, had been resuscitated. The stock closed DM5.20 lower at DM509.20, off the day's low of DM500.60.

PARIS showed signs of year-end fatigue, as more players took up the view that the market was going nowhere in the short term. Pressure on the franc despite central bank intervention also worried the market. The CAC-40 index ended 10.78 lower at 1,758.70, down 1.3 per cent on the week, in turnover of FFr2bn.

The day's losers included Elf, which fell another FFr10.30 to FFr329.20 and Saint-Gobain, which lost FFr13 to FFr503. Peugeot surprised with a FFr10 rise to FFr552.

AMSTERDAM featured DSM and Akzo, while Hoogovens slipped Fl 2.40 to Fl 22.80 on news of Klöckner-Werke's financial problems. The CBS Tendency index dropped 0.6 to 104.7, down 0.8 per cent on the week.

DSM lost Fl 5.20 or 6.5 per cent to Fl 74.80 as foreign institutions switched into Akzo, up Fl 1.50 at Fl 136.50, on news that it had gained US approval for the sale there of its oral contraceptive.

STOCKHOLM fell across the board as declines in Trelleborg and S-E Banken led the market slide. The Affärsvärlden general index fell 18.0 or 2 per cent to 883.1, but was up 2.2 per cent on the week, in turnover of SKr604m after SKr734m.

Both stocks responded to news released after the close on Thursday that Trelleborg expected a pre-tax loss of SKr1.5bn in 1992 and S-E Banken needed a capital infusion in the near future.

Trelleborg B shares fell SKr8.50 or 13 per cent to SKr57 and S-E Banken C unrestricted shares slipped SKr2 or 13 per cent to SKr13. S-E Banken restricted A shares dropped SKr3.50 or 26 per cent to SKr10.

OSLO tumbled 3.4 per cent as profit-taking eroded almost half of Thursday's gains inspired by Norway's decision to float the crown. The all-share index fell 13.46 to 385.92, up 2.6 per cent on the week, in active turnover worth NKr764.5m.

MILAN ended mixed as dealers squared positions ahead of the close of the final trading account of the year. The Comit index fell 2.67 to 422.81, hardly changed on the week, in turnover estimated at around Thursday's L148.3bn.

Fiat recovered L16 to L3,946 after its recent weakness while Olivetti gained L20 to L1,750. The banking and insurance sector was weak, as San Paolo fell L130 to L10,400 and Mediobanca lost L120 to L12,310.

ZURICH was supported by a decline in interest rates and a strong bond market. The Swiss Market Index rose 5.0 to 1,993.6, up 3 per cent on the week.

Swiss Re advanced SFr40 to SFr2,610. The insurer announced that it had placed 16,000 new bearer shares and 125,000 participation certificates at current market prices following its capital increase.

MADRID recovered from a weak opening on news of the Bank of Spain's cut in the reserve requirement for banks. The general index closed 0.12 higher at 212.33, up 0.3 per cent on the week, in low turnover of Pta12.9bn.

FT-SE Actuaries Share Indices

December 11 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1041.05	1040.89	1041.16	1042.75	1043.34	1043.23	1045.31	1044.03
FT-SE Eurotrack 200	1114.77	1114.57	1112.97	1116.35	1118.52	1118.79	1119.61	1117.72

	Dec 10	Dec 9	Dec 8	Dec 7	Dec 4
FT-SE Eurotrack 100	1049.63	1054.06	1051.12	1056.02	1052.78
FT-SE Eurotrack 200	1123.58	1133.46	1135.64	1137.52	1133.53

Base value 1000 (26/10/90) High/day: 100 - 1045.58, 200 - 1120.08 Low/day: 100 - 1040.01 200 - 1112.96

ASIA PACIFIC

Nikkei average eases on profit-taking

Tokyo

ACTIVITY surged in the morning session on technical trading related to the settlement of December futures and options, but the Nikkei average fell back as afternoon profit-taking erased earlier gains, *writes Emiko Terazono in Tokyo.*

The Nikkei fell 60.28 to 17,441.02, down 0.8 per cent on the week, after a high of 17,635.31 in the morning session, and a day's low of 17,424.67 towards the close.

However, volume rose to 500m shares from 381m, with 300m shares changing hands in the first hour of trading on settlement-related activity. Declines led advances by 570 to 402 with 191 issues remaining unchanged. The Topix index of all first-section stocks fell 3.68 to 1,325.15 and in London the ISE/Nikkei 50 index added 0.96 to 1,070.78.

The index lost ground following the announcement of the Bank of Japan's tankan, its quarterly survey on business sentiment, which showed that confidence had fallen to its lowest level since 1975. The business confidence index for the leading 393 manufacturers fell 7 points to minus 44, while the index declined 14 points to minus 27 for 295 non-manufacturers.

Traders said that while weak figures had been expected, the Bank of Japan's comments after the tankan's release ruling out an early cut in the official discount rate discouraged some investors.

Mitsui Mining and Smelting, the day's most active issue, fell Y13 to Y495 after rising on rumours of a discovery of a new gold vein.

High-technology issues were lower as the yen rose against the dollar. Hitachi fell Y2 to Y745 and Matsushita Electric Industrial fell Y20 to Y1,170.

In Osaka, the OSE index fell 87.27 to 19,029.06 in volume of 23.8m shares.

Roundup

THE region's markets were mixed at the end of the week.

HONG KONG fell 80 points at the opening on continued disappointment over the failure of the Sino-British Joint Liaison Group to produce a statement on Thursday. However, bargain-hunting later in the session saw the market recover some of the ground and the Hang Seng index closed 20.61 lower at 5,253.18, only marginally down on the week. Turnover remained low at HK$1.85bn.

Among actives, HSBC Holdings lost 50 cents to HK$55 while Jardine Matheson bucked the trend with a gain of 25 cents to HK$46.25.

SEOUL rose in moderate trading but sentiment remained nervous ahead of next week's presidential election. The composite index gained 3.67 to 645.70, down 1.5 per cent on the week. Turnover improved to Won451bn from Won383bn.

TAIWAN, which had fallen more than 30 points at one stage, made up some losses towards the close on bargain-hunting. The weighted index finished 12.45 lower at 3,734.30, but was up 2.3 per cent on the week. Turnover was T$8.7bn from T$10bn.

MANILA fell sharply for the third day and the composite index shed another 16.48 to 1,232.36, down 3.7 per cent on the week. Combined turnover stood at 197.2m pesos after 244.9m.

Shares in Philippine Long Distance Telephone fell 20 pesos to 875 pesos.

SINGAPORE saw selective buying in property stocks as the Straits Times industrial index rose 5.19 to 1,447.57, slightly up on the week.

KUALA LUMPUR weakened on stop-loss selling, but gains in some index-linked stocks pushed the composite index up 1.32 to 635.26, for a 0.4 per cent fall on the week. Losers led gainers by 156 to 117 in volume of 86.6m shares.

NEW ZEALAND ended slightly firmer after a lacklustre day's trading and the NZSE-40 capital index gained 6.08 to end at 1,521.92, up 0.3 per cent on the week. Turnover was high at NZ$34m, NZ$8.1m of which was done in Brierley, up 1 cent at 96 cents.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 10 1992								WEDNESDAY DECEMBER 9 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992 High	1992 Low	Year ago (approx)
Australia (68)	121.17	+0.8	115.38	94.59	98.31	116.85	+1.5	4.16	120.21	113.55	94.18	98.15	115.17	153.68	106.18	147.36
Austria (19)	139.29	−0.7	132.84	108.74	114.17	113.84	−0.6	2.49	140.29	132.52	109.92	114.55	114.50	186.70	137.66	160.06
Belgium (42)	136.45	−0.5	129.93	106.51	111.84	109.03	−0.4	5.65	137.19	129.60	107.48	112.02	109.45	152.27	134.08	135.39
Canada (113)	113.84	−0.5	108.40	88.87	93.30	104.86	−0.6	3.23	114.38	108.04	89.61	93.38	105.52	142.12	111.36	131.99
Denmark (34)	195.18	+1.0	185.85	152.37	159.97	162.46	+1.4	1.68	193.16	182.46	151.84	157.71	160.19	273.94	181.70	254.10
Finland (15)	75.23	−1.3	71.64	58.74	61.66	80.37	−0.5	1.76	76.24	72.02	59.74	62.25	80.80	89.80	52.84	74.30
France (99)	145.29	−1.4	138.34	113.41	119.07	122.67	−1.0	3.67	147.38	139.22	115.47	120.33	123.86	168.75	136.93	137.13
Germany (64)	104.12	−0.7	99.14	81.29	85.34	85.34	−0.4	2.66	104.90	99.09	82.20	85.65	85.65	129.69	102.51	110.42
Hong Kong (53)	210.44	−1.2	200.38	164.28	172.48	209.13	−1.2	4.31	213.00	201.20	166.88	173.92	211.82	262.28	176.36	168.59
Ireland (16)	130.85	−0.2	124.60	102.15	107.25	110.44	+0.5	4.96	131.05	123.80	102.68	107.00	109.88	173.71	122.98	157.85
Italy (77)	54.27	−1.8	51.67	42.36	44.48	56.66	−1.2	3.67	55.26	52.20	43.29	45.12	57.36	80.86	47.47	69.68
Japan (472)	107.92	+1.6	102.76	84.25	88.46	84.25	+1.2	1.00	106.20	100.32	83.21	86.72	83.21	140.95	87.27	128.30
Malaysia (69)	269.28	−0.2	256.41	210.21	220.70	263.57	−0.1	2.52	269.74	254.81	211.34	220.24	263.77	282.42	212.49	209.82
Mexico (18)	1628.58	−0.3	1550.75	1271.37	1334.82	5539.46	−0.3	1.08	1632.91	1542.49	1279.40	1333.27	5556.88	1789.77	1185.84	1224.18
Netherland (25)	154.79	−0.8	147.40	120.84	126.88	125.19	−0.3	4.54	156.10	147.46	122.31	127.46	125.57	169.70	147.88	144.12
New Zealand (13)	42.12	−0.7	40.10	32.88	34.52	43.42	−0.1	5.14	42.43	40.08	33.24	34.64	43.45	48.52	37.39	45.54
Norway (22)	154.14	+4.4	146.78	120.34	126.34	141.70	+10.2	1.71	147.68	139.50	115.71	120.58	128.58	192.95	128.05	174.63
Singapore (38)	201.37	−0.5	191.75	157.20	165.04	152.05	−0.5	2.17	202.29	191.09	158.50	165.17	152.79	228.63	179.65	203.58
South Africa (60)	154.62	−1.5	147.23	120.70	126.73	159.05	−0.6	3.22	157.05	148.35	123.04	128.22	160.03	263.60	134.21	252.48
Spain (48)	117.97	+0.4	112.34	92.10	96.69	100.46	+0.5	6.00	117.46	110.95	92.03	95.90	99.93	161.72	107.10	145.97
Sweden (31)	169.78	+0.7	161.67	132.55	139.16	169.97	+0.5	2.31	168.69	159.35	132.17	137.74	169.19	200.28	149.69	169.37
Switzerland (60)	112.04	+0.2	106.69	87.47	91.84	97.84	+0.3	2.18	111.79	105.60	87.59	91.29	97.55	122.37	95.99	94.53
United Kingdom (227)	169.24	−1.6	161.16	132.11	138.70	161.15	−0.8	4.59	171.98	162.46	134.74	140.41	162.48	200.07	161.86	174.94
USA (522)	177.44	−0.2	168.96	138.52	145.44	177.44	−0.2	2.87	177.82	167.97	139.33	145.20	177.82	178.34	160.92	155.46
Europe (779)	135.14	−1.0	128.69	105.50	110.77	120.45	−0.5	3.92	136.56	128.99	106.99	111.50	121.04	156.88	131.31	138.48
Nordic (102)	154.26	+1.0	146.89	120.43	126.44	139.51	+1.5	2.07	152.70	144.25	119.65	124.68	137.47	188.52	141.24	174.17
Pacific Basin (713)	111.89	+1.4	106.54	87.35	91.70	89.22	+1.1	1.35	110.36	104.25	86.47	90.11	88.25	141.97	93.70	129.78
Euro-Pacific (1492)	121.29	+0.3	115.50	94.68	99.41	101.82	+0.4	2.51	120.96	114.26	94.77	98.76	101.44	145.21	113.80	133.57
North America (635)	173.50	−0.2	165.20	135.46	142.22	172.62	−0.2	2.89	173.89	164.26	136.26	142.01	172.92	174.38	158.70	153.94
Europe Ex. UK (552)	114.65	−0.6	109.18	89.52	93.99	98.28	−0.3	3.44	115.37	108.98	90.41	94.22	98.54	132.98	111.33	116.78
Pacific Ex. Japan (241)	150.85	−0.3	143.64	117.78	123.65	138.96	+0.0	3.62	151.26	142.88	118.53	123.51	138.94	175.31	146.06	144.34
World Ex. US (1683)	122.35	+0.2	116.50	95.52	100.26	103.66	+0.3	2.53	122.08	115.32	95.66	99.68	103.59	146.91	115.99	136.45
World Ex. UK (1978)	137.19	+0.2	130.63	107.10	112.45	123.02	+0.2	2.45	136.88	129.30	107.25	111.77	122.78	150.58	127.21	137.97
World Ex. So. Af. (2145)	139.98	+0.0	133.29	109.29	114.74	126.09	+0.1	2.67	139.92	132.17	109.63	114.25	125.97	153.05	130.04	140.44
World Ex. Japan (1733)	158.24	−0.5	150.67	123.54	129.71	150.90	−0.3	3.26	159.05	150.25	124.63	129.89	151.37	165.40	151.93	149.34
The World Index (2205)	139.97	+0.0	133.28	109.28	114.73	126.41	+0.1	2.67	139.93	132.18	109.64	114.26	126.30	153.70	130.66	141.18

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Notes	Price £	+ or −	1992 high	1992 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or −	1992 high	1992 low	Yield (1)	Yield (2)
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Market capitalisation shown is calculated separately for each line of stock quoted.

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- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
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- ‡ Interim since reduced, passed or deferred
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- ♦ Figures or report awaited
- ♦ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- ✻ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- ‡ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other official estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. n Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. t Indicated dividend yield, p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings. v Not subject to ACT. z Dividend yield includes a special payment. E Auction basis. F Yield based on prospectus or other official estimates for 1994-95. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other official estimates for 1993. K Yield based on prospectus or other official estimates for 1992-93. L Estimated annualised yield, p/e based on latest annual earnings. M Yield based on prospectus or other official estimates for 1993-94. N Yield based on prospectus or other official estimates for 1992. P Figures based on prospectus or other official estimates for 1994. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

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Unit Name	Init Chrge	Canc. Price	Bid Price	Offer Price	Yield Gr's	City-line
Sharp (Albert E.) & Co (1000)F						
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex						
Enquiries: 0277 227300 Dealing 0277 261010						
Intl Bond & Conv	5	117.00	117.20	123.40	5.61	47424
Pooled Pension	7	140.7	145.3	150.4	–	47257
Smaller Cos	5	51.41	53.27	56.07	2.68	46203
UK General	5	110.30	112.00	117.90	3.56	–
Sheppards Unit Trust Mngmt Ltd (1200)F						
1 White Hart Yard, London Bridge SE1 071 407 5966						
Income	5	357.56	357.56	379.01	5.44	40913
Global Inc	5	51.44	51.44	54.53	4.46	40916
Brit Leaders	5	301.58	301.58	319.67	3.19	40914
Intl Leaders	5	166.08	166.08	176.04	1.86	40915
Singer & Friedlander UT Mgmt Ltd (1000)F						
PO Box 224, Beckenham, BR3 4TF 081-663 3003						
European Trust	6	46.60	46.68	49.66	1.68	42492
Far Eastern Tst	6	50.37	51.01	54.26	0.91	–
Smaller Cos	5	113.8	119.4	127.0	2.74	47431
Smith & Williamson Unit Tst Mgrs (1600)F						
1 Riding House St, London W1A 3AS 071-637 5377						
S & W American	5	263.9	263.6	279.9	0.99	41390
S & W Capital	5	105.9	105.9	113.4	1.95	40181
S & W Cash	0	101.49	101.49	101.49	6.79	47801
S & W European	5	103.8	103.9	109.9	1.23	40251
S & W Far Eastern	5	105.5	106.5	112.7	0.14	46474
S & W Growth	5	113.2	114.5	121.2	2.50	41391
S & W Income	5	98.87	100.2	106.0	5.62	41392
S & W Magnum	5	111.7	111.7	119.6	1.83	47800
S & W Smllr Secs	5	252.1	258.0	272.9	0.71	41393
S & W Thoroughbred	5	128.9	128.9	136.2	1.88	40263
Societe Generale Touche Remnant (1600)F						
Mermaid Hse, 2 Puddle Dock, EC4V 3AT 071-248 1250						
4 Hourly Pricing – 12 Noon Historic						
American Grth	5¼	74.74	74.74	79.93	0	41525
Eur Sp Sits Acc	5¼	40.06	40.06	42.57	0	41526
Eur Sp Sits Inc	5¼	37.83	37.83	40.21	0	41527
Far East Opps Inc	5¼	24.80	24.80	26.76	0	41684
Far East Opps Acc	5¼	25.48	25.48	27.49	0	41685
General Growth	5¼	89.10	89.10	95.69	3.15	41528
General Growth Acc	5¼	90.59	90.59	97.29	3.13	47408
Global Tech	5¼	106.30	106.30	115.00	0	41529
Income Growth	5¼	87.86	87.86	94.61	4.79	41530
Income Growth Acc	5¼	87.86	87.86	94.61	4.79	–
Income Monthly	5¼	49.30	49.30	52.72	6.52	41531
Japan Growth	5¼	60.22	60.22	64.02	0	41532
Overseas Growth	5¼	64.26	64.26	68.41	0	41533
Smaller Cos	5¼	55.86	55.86	60.06	3.13	41534
Special Opps	5¼	73.78	73.78	79.33	3.38	41535
Whittingdale Unit Tst Mgmt Ltd (0830)F						
2 Honey Lane, London EC2V 8BT 071-600 0462						
Challenger	2½	86.49	86.49	88.51	0.00	41596
Short Dtd Gilt	1½	105.9	105.9	107.3	1.93	41597
U.S. Govmt Bond	1½	0.7002	0.7002	0.7094	0.00	41598
Gilt Income	4	51.06	51.06	53.13	8.68	47010
Gilt Growth	4	62.48	62.48	65.03	0.00	47009
City Reserve	0	55.30	55.30	56.31	6.92	47006
Woolwich Unit Trust Managers Ltd (1700)H						
1 White Oak Square, Swanley BR8 7AG 0705 388046						
Stockmarket Fd F	5	60.81	61.09	64.98	2.54	49998

OTHER UK UNIT TRUSTS

	Bid Price	Offer Price	Yield Grs	City-line
Baillie Gifford & Co Ltd				
Int'l Exmt Nov 30	657.4	680.81	1.02	40105
Baring Investment Mngmt Ltd				
155 Bishopsgate, London EC2M 3XY				
071 214 1050 (general enquiries) 071 214 1004 (dealing)				
Charitable Funds				
UK Growth & Income	50.60	52.39	4.8	–
Income Plus	48.35	49.34	7.5	–
James Capel Fund Managers Ltd				
Managed Exempt	121.004	127.979	4.21	43128
Cent. Bd. of Fin. of Church of England‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				
Inv Fund Nov 30	539.95	565.60	5.27	40251
Fxd Int Sec Nov 30	149.10	149.85	9.68	40252
Deposit Fund: See Money Market Trust Funds.				
Charinco/Charishare‡‡ (1000)F				
33 King William Street, EC4R 9AS 071-280 2800				
Charinco Inc	170.6	172.6	9.30	40254
Charinco Acc	1000	1012	9.30	40255
Charishare Inc	174.1	178.2	4.49	40256
Charishare Acc	225.3	230.6	4.49	40257
CAFINVEST–Charities Aid Foundation				
48 Pembury Rd, Tonbridge TN9 2JD 0732 771333				
Balanced Growth	60.31	62.23	4.02	47779
Income	57.33	58.45	7.53	47780
COIF–Charities Official Inv Fd‡‡				
2 Fore Street, London EC2Y 5AQ 071-588 1815				

INSURANCES

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Weekend FT

SECTION II

Weekend December 12/December 13 1992

The royal dilemma that won't go away

David Cannadine predicts that 1993 will contain even more bad news for the beleaguered House of Windsor

IF THE events of this astonishing week are any guide – which they almost certainly are – the Queen's *annus horribilis* is going to drag out through every remaining day of this month until the bells ring out the old year at midnight on December 31. But it seems inconceivable that things will end there. For despite the expressions of sympathy and support, there now appears every prospect that, for both the Queen and her visibly disintegrating family, 1993 may well be an *annus* even more *horribilis*.

Consider the facts. In the course of the past seven days, there has been the announcement of the Princess Royal's second wedding, which is being rushed through today with express speed. In between, there has been the news of the apparently amicable separation of the Prince and Princess of Wales, by comparison with which all the previous royal exposures, conflagrations and publicity disasters of this year pale into insignificance.

Despite conservative fears and republican hopes, the monarchy is not self-destructing. However open to ridicule it is in danger of becoming in the popular press, the show will go on. But the stage has been reached when the monarchy is pushing the panic button, loud and clear. For the only conclusion that can be drawn from the terms of the separation settlement is that neither the palace nor the government has the slightest idea what will happen next.

It is being insisted in certain official quarters that this separation arrangement is itself the solution; that the Prince and Princess of Wales should now be allowed to live their separate and private lives; and that the future is assured because they will one day come together again as king and queen. But the settlement has only to be summarised in this way for it to be clear that, far from being a solution to a problem, it will only make things worse.

It might well be the case that, the bizarre nature of these terms and future provisions notwithstanding, nothing else could have been done at this time. The royal couple could not have gone on as they were; but neither party wanted an instant divorce, so what else was there to do? And it is also the case that, now the long-expected and long-predicted separation has actually happened, the mood of the public is not as easy to gauge or to predict as had seemed likely before the event.

The truth is that it is not yet clear – and might not be clear for many months – just how this latest royal misadventure is going to play out in terms of the public's reaction and response. Already, though, there are ominous signs that this settlement is not going to work. For all the claims that there are no constitutional issues and implications, there seems a real possibility that the monarchy will suffer grave damage. And if a gravely damaged monarchy is not a constitutional issue, then what is?

Take Prince Charles first. Whatever the reality of his marriage and its breakdown, recent press coverage shows he is regarded widely as a man who has failed spectacularly to do the one thing which, rightly or wrongly, people still expect the heir to the throne to do: namely, to live his family life successfully. according to The prince, so this argument runs, has spent a great deal of time telling society what is good for it. But what right has he to do this when he has made such a conspicuous hash of his own life?

This leads us to Princess Diana. She might be the most glamorous woman in the country – indeed, in the world – combining in a remarkable way the attributes of mother and martyr, saint and cover girl. And it might also be that this settlement, in which she keeps both the children and her crown, is a personal triumph for her which she was able to accomplish only because of her extraordinary public standing. But the idea that, despite all the sadness of her marriage to Prince Charles, she might still want – and expect? – to be queen, seems incredible.

Then there is the question of Charles and Diana as separated spouses. What is going to happen now? Will they have affairs and take lovers? Is it realistic to suppose that they will be able to keep it a secret if they do? The prospect of the heir to the throne and his wife leading separate sex lives must surely be a tabloid editor's dream. In short, the insatiable appetite of the media for more scandals and more revelations inevitably will be stimulated by this separation settlement.

What, then, are the realistic prospects of their joint coronation? Only royal advisers desperate to find a ray of hope – and completely out of touch with the public mood – could have expected that this proposal would fly. The idea that at some future, unspecified date, Charles and Diana will give up their separate lives and come together once more, however briefly, as king and queen, is an insult to common sense and to the Church of England under whose auspices the sacrament of their coronation would take place.

Then there is the unfortunate figure of Prince William: the product, like his mother, of a broken marriage. Already, he is being seen in some quarters as the next best hope. If only the Prince of Wales will renounce his right of succession, the argument runs, the crown can pass on, unimpaired, to his eldest son and this regrettable interlude can be forgotten. But it is not clear, despite much speculation on the subject, that William – who must have suffered much already – can be the person to solve the difficulties caused by his parents' marital break-up.

In short, it is hard to avoid the conclusion that this separation settlement will not settle or stabilise anything. On the contrary, in many ways it can only make matters worse, more risky and more uncertain than when the royal pair maintained an official fiction of marriage. The uncertainties will last, not just into 1993 but for an unforeseeably protracted future. There might indeed have been no alternative: but that serves only to show how intractable things have become, and how miserable the prospects appear.

This brings us to the broader issue to which this latest royal disaster relates. The separation of the Prince and Princess of Wales will not only intensify the prurient intrusiveness of the tabloid press: it will also intensify the debate about the purpose, function and future of the monarchy itself (a debate, it must be remembered, to which the Queen herself gave her royal imprimatur recently).

In the long perspective of history, the problem which, it seemed, the British had solved brilliantly was that of finding something for a monarchy to do once its traditional functions – as law-giver and warrior – had been given up or taken away.

The solution which evolved was "constitutional monarchy" which, essentially, meant trading power for pageantry, dynastic profligacy for a royal family, and Ger-

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The Long View/**Barry Riley**

Ministry of silly rules

CASUAL READERS of bond market reports must wonder what sort of a mad world they have stumbled on. On one day this week, for instance, market reporters were explaining that US government bond prices had risen because of the strength shown by recent economic data, while UK gilt-edged prices had drifted lower in view of indications of emerging British recovery.

Spot the contradiction: the latter explanation is the more conventional, as bond investors tend to lap up gloom – unless things get so bad that war, social unrest or hyperinflation threaten returns. The challenge at home, meantime, is the debt mountain which must be financed by the British government; long-term interest rates have been edging up in the past month.

It is not easy to see where £50bn-plus of gilts can be sold. The total cash flow of big investment institutions such as pension funds and insurance companies is only about £40bn, and foreign investors have stopped buying gilts. One possible answer, put forward particularly by leading monetarists such as Tim Congdon, is that we could take a leaf out of the US book and sell them to the banks. Over the past four years, US banks' holdings of US government securities have risen by nearly $300bn.

There is a fascinating story here. If the US succeeds in its against-the-odds recovery from the horrors of full-blown debt deflation, most of the praise will be due to Alan Greenspan, chairman of the Federal Reserve. Early in the 1930s, the US banking system contracted disastrously, but Greenspan now has pulled out all the stops to prevent this happening again, not only by bailing out busted banks but by giving the whole banking system an opportunity to expand its balance sheet in a highly profitable way. Thus, banks can borrow through the money markets at 3 per cent and buy treasury securities yielding 5 or 6 per cent. Weakness in private sector loan demand has not mattered.

It is true that, to follow such a strategy, you have to be indifferent to some rather wild swings in the external value of your currency. You also have to worry about what might happen when the recovery comes. There are at present some huge speculative positions in the US government securities market, notably on the part of the leading Wall Street investment banks; and, if short-term interest rates were to start to rise, there could be some massive unloading of government bonds.

At this stage, however, Greenspan appears to be winning. In British parlance, the Americans are "underfunding" their deficit on a very large scale by failing to find non-bank investors for a large proportion of the paper being issued. The British government, however, is labouring under the self-imposed discipline of "full funding," which means that purchases of government paper by banks do not count towards financing the public sector borrowing requirement. One consequence, as Congdon says, is that whereas American banks have 22 per cent of their assets in government loans and securities, UK banks have only a minuscule 3 per cent in that category – but they have 87 per cent in UK private sector lending, of often rather dubious quality.

Now, full funding versus underfunding is arguably the world's most obscure debate. In fact, so long as we were in the exchange rate mechanism, the US strategy was out of the question, anyway, because short-term interest rates had to be kept higher than gilt-edged returns. But we have now floated our way towards an upward-sloping yield curve, not yet as steep as the American one but already offering the banks some interesting possibilities, which they are oddly slow to pursue.

But we need motive as well as opportunity. The trigger point could come soon. As it happens, the authorities have actually been *over*funding recently because of their purchase of billions of pounds sterling from George Soros and other grateful speculators. The money markets have been quite tight and sterling has strengthened. Through the winter, the government will be *under*funding temporarily to counteract this. Further ahead, though, the pressure on the authorities will build, and the government could at some stage be desperate to get away its latest £2.5bn auction. A relaxation of the full funding rule would give the long-dated part of the gilt market a useful, if temporary, tonic. Funding through the banks would be concentrated at the short-dated end.

But you would then have to believe that an underfunding government would, however inconvenient it might be, change readily to another policy – one of overfunding – once the economy was expanding and private sector credit demand was serving to maintain an adequate rate of monetary growth.

Here is the nub of the problem, for an arbitrary and arguably silly rule like full funding might at least be a valuable way of keeping a wayward finance ministry under some sort of control. The principle was introduced by former chancellor Nigel Lawson when he abandoned broad money growth targets in 1985 as a means of giving assurance that the public sector would not generate inflation. The British government has, nevertheless, had a particularly poor record on monetary policy since the mid-'80s. The likelihood that it will cope skilfully and responsibly with the monetary consequences of an economic recovery during 1993 or 1994 seems remote. The switch to underfunding will probably happen at precisely the wrong moment.

What about Bill Clinton and those US treasury bonds? With so much speculative capital riding the bond markets, there are considerable dangers. The prospect of a big spending push by the new president has raised blood pressure among bond investors. However, if GDP already is climbing in the third quarter at a 3.9 per cent annual rate, as statisticians claim, Clinton could keep most of his powder dry. But you would be unwise to believe everything you read in bond market reports.

MARKETS

London

Tiny prepares to walk into the sunset

By Maggie Urry

IT WAS a week for fairytales to end. Some, as all good stories do, ended with a happy ever after. Others did not.

The poor youth who found fabulous riches and came to rule an empire has, at last, chosen an heir and is even now painting a sunset into which he can walk. Called Tiny, but not by any means an eighth dwarf (and, if fairytales are to be believed, once a railway porter), Roland Rowland is not, however, quite the unblemished hero of pantomime for all his expense accounts and corporate jets.

He will never live down being called "the unacceptable face of capitalism" in 1973 by Edward Heath, then prime minister. And his planned exit from Lonrho is as convoluted as his business empire.

Had the likes of the Prudential still been shareholders in Lonrho, he could expect a rough ride from the institutions on the terms of the deal. Rowland is selling his shares to Dieter Bock, a German financier, for 115p while Lonrho is selling shares to the same man at 85p. Rowland was quoted this week saying that he regarded Bock almost as a son.

Why Rowland's shares are worth 30p more than new ones issued by Lonrho is hard to see, but the effect is that the shareholders – for the company is the embodiment of its shareholders – are getting less for selling shares than Tiny is.

The fact that, as individuals, they also can buy shares at 85p is little comfort; even if they take up their rights, they will be diluted because the company would then issue yet more shares to Bock.

As it is, Rowland may well get away with no more than a "boo, hiss" from the audience as he heads for happy-ever-after land.

Meanwhile, in another part of the forest – Brentwood, in Essex – Alan Sugar's fairytale was ending this week, too, but not quite so happily for the principal character.

Here, the Prudential was still a shareholder and, with others, refused to accept a 30p a share offer from Sugar to buy back Amstrad, the consumer electronics group he had founded.

Sugar's proposition was that Amstrad's problems were so bad that the company had to be shrunk. It would, he claimed, be better to do this as a private rather than public company. So, he offered to buy the 65 per cent of the shares he did not own for 30p each.

Amstrad shareholders are nothing if not suspicious, though, especially when confronted with an offer without any independent advice or forecasts about the future profitability of the business. If this was a good deal for Sugar, it must be bad for them; and if it was not a good deal for Sugar, why was he doing it?

Since Sugar has for so long played up his role as the unsmiling pantomime villain, no one would believe that he had been transformed suddenly into a fairy godmother. His offer was rejected.

Now, he must struggle on in the public domain, either to prove himself right and suffer a fall in the value of his investment in the company, or to be wrong and make a second fortune.

The fairytale of 6 per cent base rates by Christmas also has ended. As the chart shows, UK interest rates have dipped below German rates for the first time since 1981 – a year when sterling fell from over DM 5 to little more than DM 4.

There is an important difference between then and now; the UK inflation rate announced yesterday was below the German rate for the first time in decades.

Even so, barring another sterling devaluation of that magnitude, history would suggest that UK interest rates cannot fall further until German rates do. Fortunately – for the UK – Germany appears to be moving rapidly into recession, making a fall in rates there likely in the new year.

So, although the stock market was unsettled this week by the realisation that an immediate fall in base rates had been ruled out, and the FT-SE 100 index fell 43.2 points to 2,716.2 over the week, there is still something to look forward to after Christmas.

Nick Knight, the investment guru at Nomura Research Institute – who was on Black Wednesday touched by a magic wand and transformed from a bear to a bull – has calculated that in 21 of the past 27 years, the stock market has risen during the three-week Christmas account. The average rise, including the down years, is 2.23 per cent.

Since the market generally has a run in the first three weeks of January, too – in 20 of the past 27 years, with an average rise of 2.53 per cent – Knight concludes there is a good chance of a near-5 per cent rise in the market in the next six weeks.

But Knight does not stop there. He forecasts the FT-SE 100 index will reach 3,500 by the end of 1993. This is well above most equity strategist's forecasts of about 2,800 to 3,000.

His main point is that UK corporate earnings will rise sharply next year – by as much as 30 per cent – and the year after as recovery comes through, unit costs are lower, and the lower pound helps on translating overseas profits.

Others have much less optimistic views on corporate earnings growth in 1993, picking numbers around 15 per cent, and believe that the stock market is already discounting that rise.

What is more, as far as the UK market is concerned, the prospect of the government *selling £1bn worth of gilt-edged* stock a week from April onwards will soak up much of the institutions' cash and drive up gilt yields, putting a damper on equities.

While the UK may be on the verge of recovery – unless it is yet another false dawn – Europe appears to be slowing down fast.

That certainly was the message from the Guinness share price this week when the market realised that its profits could fall this year because of the cooler European economic climate. Guinness dropped 47p to 478p over the week.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1992 High	1992 Low	
FT-SE 100 Index	2716.2	-43.2	2792.0	2281.0	Weakness in sterling.
Arjo Wiggins	141	-15	290	123½	UBS down grading.
BT	385	-26	418½	305	BT III looms up.
Euro Disney	735	+52	1693	673	Buying on recovery
Greenalls	372	+27	424½	283	Good results
Guinness	478	-47	644	471	Trading warning
Lasmo	145	-19	263	112	Weak oil price
NFC	256	-22	286	216	Figures disappoint.
Pilkington	85	+7	169	67	Maintains int div.
Siebe	397	+18	397	255½	Favourable results.
Spring Ram	116	+24	181	83½	BZW buy recommendation
Stakis	39	+5	41	23	Hopes of disposals
Tadpole Tech.	194	+129‡	194	73	Successful placing at 65p
Volex	390	+30	395	260	Kleinwort Benson buy rec.

‡ Change based on Mondays placing price.

Serious Money

A triumph of glib salesmanship

By Philip Coggan, Personal Finance Editor

HAVE you recently been offered a cash payout "which could be worth up to £91,300 or more"? If so, you are probably a card member of American Express and may be finding the prospect of all that loot hard to resist.

After all, if you apply by December 30, you can get a free gift of an alarm clock, garment carrier or "luxury bath towel" in a genuine American Express card design (please do leave home without it).

The offer is a prime example of how a marketing letter can conform to the regulations set by Lautro and yet be a triumph of slick salesmanship.

What American Express is actually selling is a low-start, 15-year, with-profits endowment policy from Norwich Union, called Moneybuilder Plus. There is certainly no secret about this – it is stated in the first two paragraphs.

But let us look at the second paragraph more closely. "In brief," it runs, "this is an extraordinary 15-year endowment that, thanks to its low start feature, could offer you a substantially higher cash payout than even Norwich Union's ordinary 15-year plans...for the same initial contribution".

Sounds good, doesn't it? Put your cheque books away for a moment. First examine page two of the letter, which explains it all. *"How surprising, then, that the "secret" of this dramatically higher growth should be so simple: Moneybuilder Plus builds a small, but powerful, yearly increase into your monthly premiums for the first five years of your plan (and then keeps them level until the end of the plan)."*

In fact, premiums will increase by 20 per cent of the original for each of the first five years. Your payment for the last ten years will be double the initial investment.

Hold on a minute. So these "dramatically higher" returns stem from the fact that you will be paying "dramatically higher" premiums?

Let us paraphrase. If you invest £100 a month in this plan, you will get a bigger return than if you invest £50. Extraordinary, as American Express would say.

Does an increasing premium seem a turn-off? The letter has the answer; the increase "could be just a few pence per day". Not much compared with "up to £91,300 or more", is it?

What about this phrase, which is in big blue print at the top of the letter? It is none too specific when you think about it. Next to the £91,300 figure, there is an asterisk which leads to a footnote, which in turn leads to the policyholder information and benefits table.

This table is based (as required by Lautro) on assumed growth rates of 7 and 10.5 per cent. It shows the potential returns for initial premiums of between £30 and £200 a month. Payouts also vary with age; the older you are, the greater the cost of life cover.

American Express has not been so crass as to quote the maximum growth rate on the maximum premium for the youngest person. Not quite. The table shows that £91,300 is based on a 10.5 per cent growth rate for a 65-year-old man paying £200 a month.

With increasing premiums, that means you would be paying £400 a month after five years. Your total premiums over the life of the plan would be £64,800, which puts the possible £91,300 payout in a rather different light.

The letter claims this is "a possible return that compares favourably with expected returns for national savings, building societies and certain stocks and shares". Another interesting phrase; if savers could have a list of Amex's "certain stocks and shares", investing would be a lot easier over the next 15 years.

But to make a different comparison, the equivalent sum invested in the average UK equity general unit trust savings plan over the 15 years to March 1992 would have grown to £229,000, according to Money Management.

The next 15 years may well be a lot less exciting for unit trust returns (although this will affect Norwich Union's plan as well). But it is far from certain that Norwich Union will produce returns which beat rival products – as John Authers writes on Page IV, it is about to cut bonuses on with-profits policies for the second year running.

A further factor, of course, is that there is no life cover in a unit trust savings plan. But the letter concentrates on the investment, not the insurance, aspects of the plan. After all, on page three it says: "Just imagine what you could do with all that money. You could take that world cruise you've always dreamed of, or perhaps buy a new boat or car."

Maybe. Not if you start by investing £30 a month; then you are looking forward (on the same assumptions) to just £13,300 after 15 years. If inflation averages five per cent per annum, that figure will halve in real terms over 15 years; in other words, it would be worth £6,650 in today's money. You could get a car for that price, but a BMW is out.

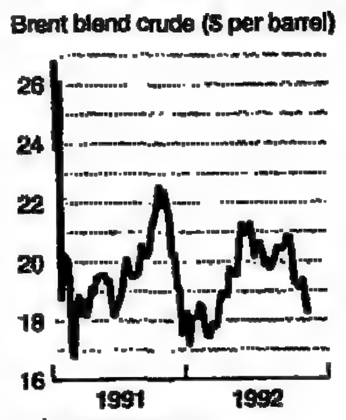
American Express says that customers who *have doubts* can ring its financial services arm and get independent financial advice about the nature of the product and indeed other products if they are more suitable.

And to be fair to Amex, no one could be misled about the nature of the product if they read the product particulars (which are included in the pack, as required by regulation). But there are no big blue letters, no underlined words such as "dramatically higher" in the particulars; just sober facts about a modest product which has been over-hyped.

AT A GLANCE

Oil price

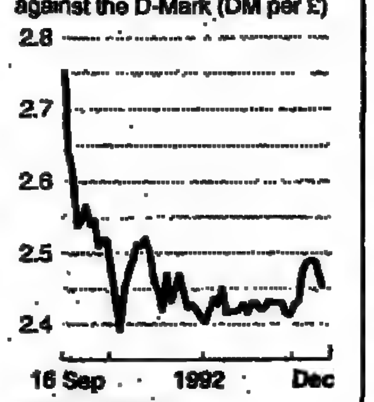
Brent blend crude ($ per barrel)



Source: Petroleum Argus

Sterling

against the D-Mark (DM per £)



Source: FT Graphite

Oil prices hit their lowest since March

OIL prices hit their lowest point since March, when the price of North Sea Brent crude for January delivery slipped by 30 cents to $17.70 a barrel on Wednesday.

The crude oil price is being dragged downwards by continued weakness in the price of products such as gasoil and fuel oil. The mild winter and the recession in both North America and Britain has weakened demand for these products.

The falls in price come despite an agreement last month by Opec member states to cut production to 24.58m barrels a day from 25m b/d. The ceiling does not include a production level for Ecuador which has left Opec.

The chart shows the volatile performance of oil since the beginning of 1991 before the outbreak of the Gulf War.

Sterling rally peters out

Sterling's recent rally against the D-mark petered out this week after *Professor Wynne Godley called for a 15 per cent* devaluation and 2 percentage points off base rates. But at least, the pound has shown signs of getting off its sickbed in December after a traumatic autumn.

BES from Close Brothers

Close Brothers has launched a BES scheme, BESSA CARE, which allows a non-recourse loan after six months or 12months. This means top-rate taxpayers effectively pay 60p after tax, and receive 72p after six months, and 76p after 12months. The loans are provided by the Bank of Ireland. The company will buy two nursing homes for Associated Nursing Services. *However, John Spiers, of BESt Investment points out* that the return for investors after five years is low – £1.10½p for every £1 spent before tax – and so suggests it should only be taken up by those who wish to take the early loan. The scheme is unsuitable for basic rate taxpayers.

Stewart Ivory launches unit trust

Stewart Ivory is launching a unit trust in the increasingly fashionable field of emerging markets. The trust will invest in areas such as south-east Asia and Latin America and will aim for capital growth. There is an initial charge of five per cent and an annual charge of 1.25 per cent; the minimum investment is £5,000. *There is a one per cent* discount on the 100p launch price between December 14 and January 10.

Warburg guide to investment trusts

SG Warburg has produced a useful guide to investment trusts for the private investor. It gives details of savings schemes and Peps, together with an explanation of the different classes of share. The guide costs £12, from Roger Adams, SG Warburg, 1 Finsbury Avenue, London EC2M 2PA.

Good week for small companies

Hoare Govett raised £28m for its investment trust linked to its *smaller companies* index, but only £500,000 of that came through the public offer, a sign that private investors are yet to be convinced that the small companies revival is due. Nevetheless, it was another good week for small company shares. The County index rose 0.3 per cent from 866.01 to 868.43 over the seven days to December 10; the Hoare Govett index (capital gains version) also jumped 0.3 per cent from 1122.54 to 1126.07 over the same period.

Wall Street

Softly, softly approach wins the day

FIVE weeks after he was elected, Bill Clinton this week finally announced the top economic appointments for his first administration. The reaction of the financial markets, which in the immediate aftermath of the election had been consumed with speculation about who would make the president-elect's first team, was predictable – they ignored it.

With good reason, for the news was hardly new. All the big appointments – Senator Lloyd Bentsen as treasury secretary, representative Leon Panetta as head of the budget office, and investment bankers Robert Rubin and Roger Altman as chief White House economic adviser and deputy treasury secretary, respectively – had been telegraphed well in advance, leaving the markets plenty of time to price their reaction into stocks and bonds before the formal announcements were made.

This is probably exactly what the Clinton camp wanted. The gradual leaking of the top appointments seemed a deliberate policy to avoid frightening Wall Street.

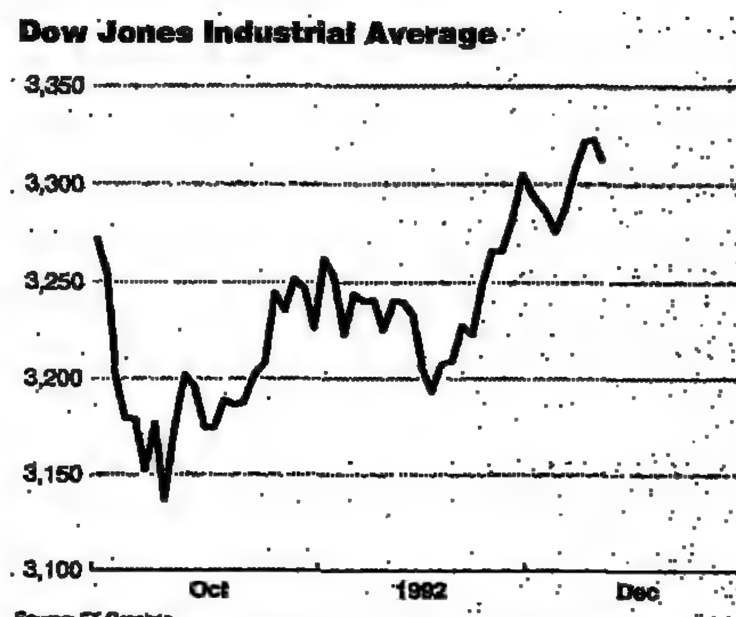
The game he has played over the past five weeks shows that the president-elect and his advisers have realised the importance of winning the confidence of the markets.

The US has not had a new Democratic president in 16 years so, for many people in the business and financial world, the arrival of Bill Clinton in the White House will be a step into the unknown.

Fortunately, the president-elect seems to have chosen wisely, at least in terms of whether the appointees would command the respect of the markets. All the big names are pragmatic veterans of either Capitol Hill or Wall Street, essentially conservative Democrats who are unlikely to push for excessively Keynesian, growth-oriented economic policies of the type that so worried the bond market during the final stages of the election campaign.

Fortunately for president-elect Clinton, signs that the pace of the economic recovery has been quickening

Dow Jones Industrial Average



Source: FT Graphite

over the past few months have allowed him and his advisers to soften their stance on economic policy.

If treasury investors feared that tough talk from Democrats on the campaign trail about spending their way out of recovery would translate into an inflation-fuelling package of fiscal stimuli, those fears have been partly assuaged by both the evidence of renewed economic growth and Thursday's political appointments.

While much attention over the past month was focused on the composition of the first Clinton administration, the stock markets were quietly building up a considerable head of steam.

Although the Dow Jones Industrial Average has never threatened its high, the blue-chip index has gained almost six per cent since hitting a low in early October.

Over a similar period, secondary indices have been busy setting new records amid exceptionally busy trading, with the Standard & Poor's 500 and the Nasdaq composite setting near or actual double-digit gains.

The market's mini-rally, however, may have now run its course. Although the losses of the last two days represent only a minor setback in percentage terms, sentiment seems to have shifted.

The advances of the past month or so stemmed primarily from investors selectively searching for cheap or growth stocks. It has been what analysts like to call a "stock-pickers market", with considerable variations in demand within industry groups. The choicest bargains have been snapped up, leaving only the expensive or distressed stocks for the stragglers. The lack of a truly market-wide rush into equities explains why the Dow has lagged the other indices.

The market as a whole is beginning to look fully, if not over-priced. Wall Street securities house Salomon Brothers notes that the S&P's 500 is currently trading at 16.9 times estimated 1993 earnings, and is yielding a meagre three per cent based on dividend forecasts. Consequently, Salomon's chief equity strategist, David Shulman, envisages only modest returns for equity investors in 1993.

IBM had another bad week, even if some market watchers believe the selling of the stock has been overdone. Predictions from a couple of analysts of further restructuring moves that could endanger the dividend, and reports that the company was about to call an unusual board meeting, took their toll of IBM mid-week.

The news that Standard & Poor's is considering lowering its ratings on some IBM debt did not help either, and in four days of trading, the share price dropped another 7.5 per cent to below $62.

Monday	3307.33	+ 18.68
Tuesday	3322.18	+ 14.85
Wednesday	3323.81	+ 1.63
Thursday	3312.19	– 11.62

The Bottom Line

Lonrho and Bock: it's best to wait and see

IF THERE has been one thing learnt by Lonrho shareholders over the years, it is never to be surprised. But this week's news that chief executive Tiny Rowland – who has, effectively, run the company for 31 years – was selling his stake to a German financier must have raised a few eyebrows.

As one UK institutional shareholder explained: "We do not approve of the deal with Dieter Bock. But ... we have been in the dark about what is happening at Lonrho for some time."

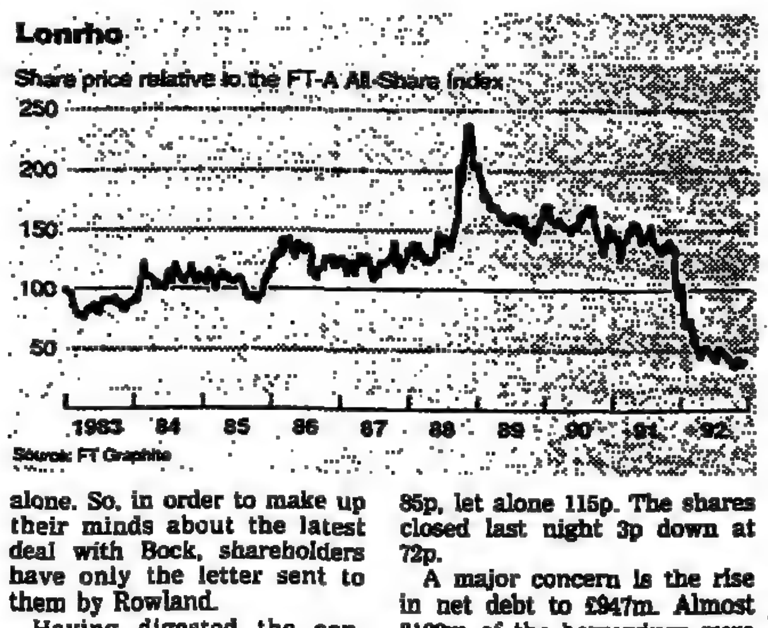
Shareholders would love to get their hands on the financial information – not in the public domain – that Bock's adviser, Morgan Grenfell, extracted from Lonrho. As a result, he is to underwrite half the 200m shares in the 3-for-10 rights issue at 85p a share; take up the rights of chief executive Tiny Rowland; and buy half Rowland's 15 per cent stake at 115p a share.

Earlier this year, a number of shareholders asked for meetings with Lonrho after it unexpectedly reduced 1991's final dividend by 3p to 5p – the first cut in a decade. According to two institutional shareholders, there were "frank exchanges." In the end, it was agreed that Phillips & Drew Securities, then Lonrho's joint broker, would act as a conduit between the company and shareholders.

That arrangement broke down when Phillips & Drew found it was equally in the dark. This happened when Lonrho, without prior warning, *sold a one-third* stake in the UK-based Metropole Hotels for £177.5m to the Libyan government. Phillips & Drew resigned, leaving Societe Generale Strauss Turnball, Lonrho's other joint broker, to act

Lonrho

Share price relative to the FT-A All-Share index



Source: FT Graphite

alone. So, in order to make up their minds about the latest deal with Bock, shareholders have only the letter sent to them by Rowland.

Having digested the contents, they indicated yesterday that they could not understand how the shares were worth 85p, let alone 115p. The shares closed last night 3p down at 72p.

A major concern is the rise in net debt to £947m. Almost £100m of the borrowings were accounted-for by exchange adjustments to foreign currency borrowings due to the fall of sterling and motor trade operations.

But there was also a significant increase in capital expenditure and it is understood this has continued to rise.

Lonrho's decision to negotiate an early end to VAG, its Volkswagen/Audi import and distribution operations in the UK, is good news for the balance sheet. The German carmaker, which had planned to take control of the business when the existing contract expires at the end of 1996, is paying Lonrho £124m to take it back early. This could save Lonrho around £15m in interest payments.

It is bad news for the profit and loss account, though. Lonrho estimates that pre-tax profits for the year ended September 30 have fallen from £305m to £79m. Without VAG, which made profits of £25.6m, group profits (after the reduction of interest payments) could fal[l] by another £10m.

All of this means that a[n] even bigger percentage of Lo[n]rho's pre-tax profits will b[e] generated from Africa. La[st] year, its operations ther[e] accounted for more than 70 pe[r] cent of the pre-tax profits.

But, as one shareholde[r] asked: "What on earth doe[s] Bock know about the Africa[n] operations?" Not much, accord[-]ing to one of Bock's advisers.

Small shareholders shou[ld] follow the lead of Lonrho['s] institutions and stay well c[lear] of the rights. Bock has m[ade it] clear that he will not be lett[ing] anyone know his game [p]lan until after the rights i[ssue] closes on January 15.

Investors may as well [hang] on to their shares until t[hey] see if he has anything [up his] sleeve.

Roland

FINANCE AND THE FAMILY

Equities beat the doom and gloom

***Philip Coggan** looks at the shares which are the year's leaders and laggards*

BUY when the besieging army is at the city gates; sell when the trumpets sound the retreat. The old Rothschild adage once more proved its usefulness in 1992.

Faced with daily headlines of economic gloom, the small investor might easily have been baffled by the stock market's cheerfulness. As the FT-SE 100 Index reached a new high (2,792 on December 1), one reader wrote: "If the FT-SE was near its all-time low, I could understand the situation rather than the present one."

But stock markets are continually looking ahead and the problems of today are frequently seen as far less important than the hopes for tomorrow.

In fact, there were three distinct market phases during the year; post-election euphoria as investors celebrated the Conservatives' unexpected victory at the polls; the summer of depression as the long-awaited UK economic recovery failed to arrive; and the aftermath of Black Wednesday as traders responded to the interest rate cuts which followed the UK's departure from the exchange rate mechanism.

Overall, the FT-SE 100 Index rose 10.8 per cent over the year to December 9, while the FT-A All-Share Index climbed 10 per cent over the same period. Add in a yield of four to five per cent and, even allowing for costs, an equity investor should easily have beaten building society returns.

But as usual, the leaders and laggards lists for 1992 show how carefully investors have to pick and choose their stocks. We have divided the lists into two groups (compiled from Datastream), showing the best and worst performers in the Footsie and among all stocks.

We have eliminated one category; those companies which have gone bust. Obviously, investors in such companies have lost 100 per cent of their money; we have included only those shares where the company retains a quote.

The top performing Footsie share of the year was the HongKong and Shanghai Banking Corporation which took the place of its new subsidiary, Midland Bank, in the index.

Indeed, it was a good year for bank shares, with the FT-A Banks index rising by more than a third – news which is unlikely to make the banks any more popular with those who accuse them of profiting from the recession.

Granada chief executive Gerry Robinson will be entitled to smile at his group's second place in the rankings. Dismissed as an "upstart caterer" by John Cleese when he took over the TV and leisure group, Robinson recently announced more than doubled pre-tax profits.

Among the Footsie losers, BET, a business services company, last month announced a 43 per cent drop in interim pre-tax profits and made it clear that this year's dividend is unlikely to be covered by earnings.

During the year, the company raised £200m via a rights issue to repay debt; those who took up the rights at 110p would have been disappointed to see the shares languishing at 83p at the close on Thursday.

The FT-SE 100 Index is a harsh taskmaster and BET's decline means it will drop out of the index at the end of the year, along with Rolls-Royce. Royal Insurance and Standard Chartered will take their places.

Rolls is one of three former privatisation stocks in the bottom ten, making it a distinctly mixed year for Sid, the government's favourite private investor.

Sid did well if he stuck to the privatised utilities – there are two water companies and BAA in the top ten – but far less well with the industrial groups.

BP cut its dividend for the first time since the first world war and announced plans for 11,500 job cuts in a turbulent year which also saw the departure of Robert Horton, its chairman and chief executive.

The news was even worse at British Steel, which omitted its interim dividend altogether as it announced a pre-tax loss for the first half – a reminder of the bad old pre-privatisation days when its losses made the Guinness Book of Records.

The shares were trading at 55p this week, compared with the fully-paid flotation price of 125p. Indeed, British Steel achieved, along with oil group Lasmo, the unenviable distinction of being in the Footsie laggards' list two years running.

It was a pretty bad year for contrarian investment. If you had bought a portfolio of 1991's ten leading Footsie stocks, you would have made a gain of 8.8 per cent this year; buying 1991's losers would have earned you a loss of 6.7 per cent.

There were some exceptions. Supermarket group Asda, the worst performing Footsie stock of 1991 (it was then relegated from the index) showed signs of recovery and its shares have risen by over 50 per cent in 1992.

Guardian Royal Exchange, in the FT-SE loser list of 1991, rebounded this year on reduced losses, although the news for shareholders was not entirely good; the interim dividend was cut from 4.4p to 2.5p.

The share which is top of the small stocks list – Tanjong – is an oddity. A former tin dredging company, it acquired Pan Malaysian Pools, a lottery operator, in 1991 and also manages the National Stud Farm.

But whether any UK investors enjoyed the benefit of the rise recorded by Datastream seems doubtful. Tanjong fits the definition of a close company (controlled by five or fewer persons): some 90 per cent of its shareholders reside outside the UK and the shares have only been traded on a matched bargain basis since April.

So, realistically, the share which performed best for UK investors in 1992 was TVS Entertainment. This does represent a triumph of contrarian thinking; the company lost its franchise last year and was sixth in 1991's losers' list, recording a fall of 90.1 per cent (it was one of the losers of 1989 as well).

Investors' prayers were answered this year by the arrival of Reverend Pat Robertson, former US Presidential candidate and purveyor of wholesome TV though his company, International Family Entertainment.

However, the cash element of the offer – 23p per share – means that many investors will be nursing heavy losses; TVS shares reached a peak of 454p in 1987.

Family entertainment is also on offer from two more of this year's leaders; Bluebird Toys, maker of the Polly Pocket doll and the Big Red Fun Bus, which returned to profit; and it was an *annus mirabilis* for shareholders in Sleepy Kids, the cartoon group which has bought the intellectual property rights to Budgie the helicopter, the character created by the Duchess of York.

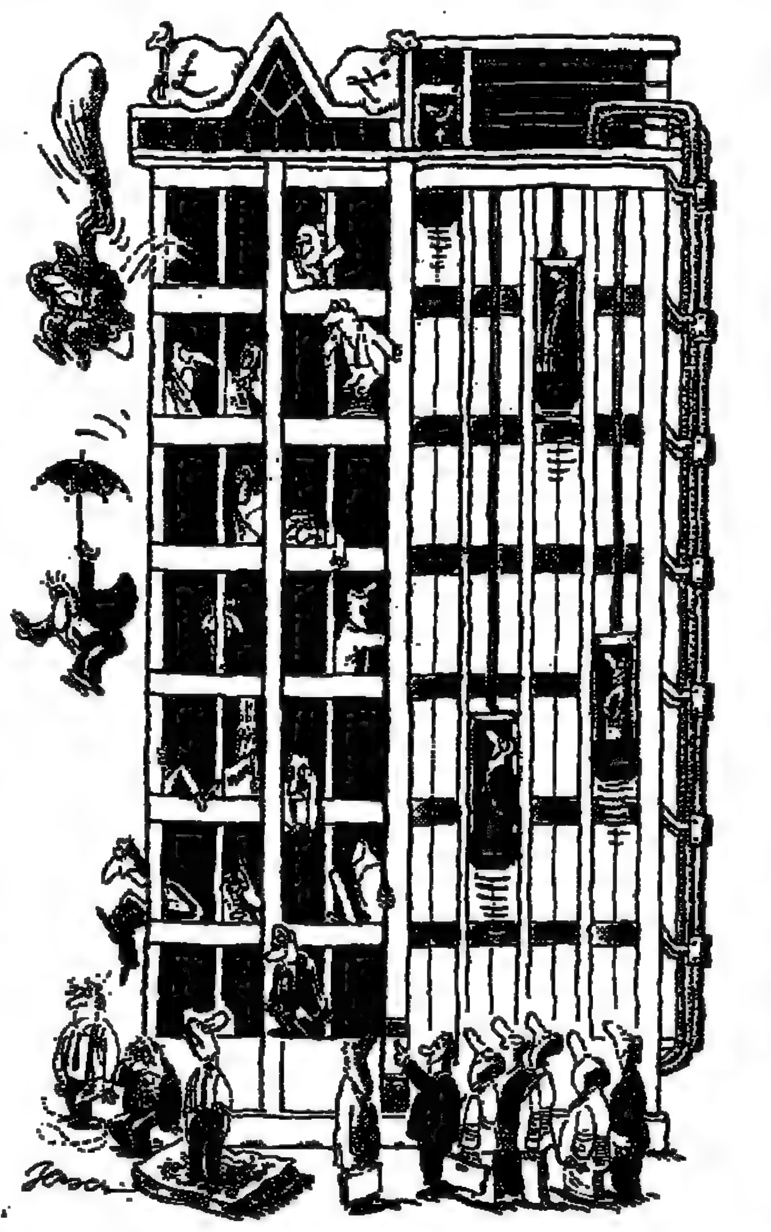
A wave of nostalgia will doubtless greet the inclusion of Filofax in the leaders list; the personal organiser group, which was close to collapse in 1990, has been revived by one of the breeds which flourished in the 1980s, a management consultant.

The losers among the small companies are a mixture of marketing groups, property companies and leisure stocks. The name that does stand out is Pepe group, the jeans design and marketing company.

If the economy recovers in 1993, so might some of the stocks which have suffered most this year. But not necessarily.

Past experience has shown that the early stages of recovery are very dangerous for weakened companies; creditors may take the opportunity to foreclose once they can find a buyer for the assets.

Equity investment may well be profitable in 1993, but it will be far from easy.



Best performing FT-SE 100 companies

Company	% growth
HSBC Holdings	95.5
Granada Grp	74.5
Guardian Royal	55.9
BAT Inds	54.6
Carlton Comms	53.0
Bowater	51.4
Siebe	50.7
BAA	49.3
Thames Water	47.7
Severn Trent	44.7

Worst performing FT-SE 100 stocks

Company	% loss
BET	-59.5
Arjo Wiggins	-37.9
Lasmo	-32.3
Fisons	-31.9
Forte	-27.9
BP	-24.1
Rolls-Royce	-21.0
Blue Circle	-19.4
Brit Steel	-19.0
Ladbroke	-18.1

Best performing small stocks

Company	% growth
Tanjong	305.0
TVS Enter	285.7
Bluebird Toys	277.1
Sleepy Kids	241.2
Acorn	236.4
Brown & Jackson	225.5
Gresham Tele	222.2
Huntleigh Tech	216.8
Chemex Int'l	200.0
Filofax	196.0

Worst performing small stocks

Company	% decline
Clarke Hooper	-95.6
Greycoat	-93.4
Osprey	-92.7
Lightship	-91.6
Birkby	-91.0
Merivale Moore	-90.1
Pepe	-89.6
Expedier	-89.5
Bimec	-88.4
Dana Exp	-87.0

Advert for bond irks advisers

***John Authers** on a complicated product from Scottish Widows*

ADVISERS this week rushed to complain about an advertisement from Scottish Widows which they believe to be misleading.

The product which aroused their ire is the Scottish Widows Monthly Bond. In spite of its name, the bond is not a single insurance policy, but a complicated financial product.

It is a "back-to-back investment" in which part of the capital sum goes into a temporary annuity, and the remainder into a Pep which attempts to grow enough to replace the capital lost in the annuity.

The aim is to get a high income, while taking steps to limit the danger of capital loss. A Pep might grow considerably over the years – but it might not, and there is no guarantee that it will go up rather than down.

This is why the Widows' slogan "Up to 9.20 per cent net of basic rate tax fixed for five years" could be misleading. The income from the annuity is fixed, but there is nothing fixed about the Pep. The use of a "fixed" percentage figure for interest implies that the capital stays constant, and there is nothing in Scottish Widows' advertising to say otherwise, or even a mention that the bulk of the investment goes into a Pep.

The warning is given in much smaller letters at the bottom of the advert: "The value of stockmarket investments may fall as well as rise and investors may not get back the full amount originally invested".

A letter sent to clients by the independent intermediary RJ Temple also quotes the 9.2 per cent return, and then adds: "The Monthly Bond aims to return your original investment in full at the end of five years – totally tax-free. Of course, the growth rate cannot be guaranteed and you may get back more or less than the sum you invested, according to the performance achieved. However, with Scottish Widows, you can rest assured that your money will be in very experienced and capable hands indeed."

John Spiers, of BESt Investment, would have gone into rather greater detail. He said: "In order for a full return of capital to be obtained the assets in the trust must grow at 13 per cent per annum. This is much greater than the growth achieved by most equity funds over the past five years."

Another adviser has taken a similar view, and has made a complaint to Lautro. By his calculations, if the yield on the UK High Income unit trust, which backs the Pep, is maintained, annual capital growth of 8.3 per cent will be needed to return the capital in full.

Assuming an average annual total return of 8.5 per cent (the lower rate prescribed by Imro, the investment managers' regulator), then an initial investment of £4,932 would drop to £4,016, and a £9,864 investment would drop to £8,032 at the end of five years – a drop of 22.8 per cent. If the Pep failed to grow at all, the capital loss would be 40 per cent; and the Pep could fall in value.

David Graham, of Scottish Widows unit trusts, admits that the 13 per cent growth rate required is slightly optimistic but said that over each five-year period from 1974 to 1991 (but not 1987-92), it would have been achieved. He also said further projections of Pep performance would be sent to customers during the "cooling-off period", and investors could withdraw then.

With-profits bonus threat

***John Authers** on Norwich Union's signal to the market*

TWO DISQUIETING signals for with-profits bonuses were hoisted this week. Norwich Union made it clear that it intended to cut "annual" or reversionary bonuses next year (a full announcement will wait until next month).

And the international credit-rating agency Standard & Poor's, in its first report* on the financial strength of UK life offices, said that overall strength had declined over the last five years, and that a permanent decline in solvency standards was likely.

It even branded four life offices – Guardian Assurance, National Provident Insitution, Prolific, and Windsor Life as "vulnerable". All the offices concerned fiercely rebutted this.

NU's comments concern its "with-profits" policies. These are the standard endowments used to back mortgages and guarantee a "sum assured" to investors when they start saving (usually slightly less than the amount invested), and add on investment profits in the form of bonuses.

These come in two forms – reversionary bonuses, which are declared each year and then cannot be taken away, and additional or terminal bonuses, which are only added when the policy matures.

Reversionary bonuses need to be supported by gilts and other fixed interest securities, so life offices tend to concentrate policy returns on terminal bonuses. This gives them more investment freedom.

But that means less security for investors. Terminal bonuses can be slashed in a moment.

Last year, NU cut its terminal bonuses, to reflect the bad market performance of 1990, when the FT-SE fell for the year, and the mediocre performance of 1991. Others followed its lead. Terminal bonus cuts could easily be reversed for future generations of policyholders if the market picks up. Cuts to reversionary bonus would have less immediate effect, but the longer term implications are more serious.

Philip Scott, NU's investment manager, says that cuts in reversionary bonus across the industry are inevitable, thanks to the double whammy of lower returns from investment performance, and the demands of maintaining financial strength.

Norwich Union: Intends to cut annual bonuses

NU predicts that nominal investment returns on all classes of assets will be consistently lower in the 1990s than they were in the 1980s. That means that if reversionary bonuses are not cut now, terminal bonuses will have to be cut by a proportionately greater amount in the following years. So reversionary bonuses would account for a greater share of endowment total pay-outs.

As they are funded by fixed interest securities, this would weaken endowments' competitiveness as a product. They would be more secure, but they could not compete as a strong capital growth investment, as they do now, with more flexible equity driven unit-linked products.

Life offices also have their financial strength to consider. The government strictly monitors their solvency, or in other words the ability to meet their obligations to policyholders. That strength has been affected by falling property and equity values in the last two years, which reduced the level of life insurers' reserves.

The extra distribution expenses which many life offices shouldered after the Financial Services Act of 1986, as they raised commissions and established ties with building societies, also ate into reserves.

Standard & Poor's says that companies committed to maintaining financial strength will continue to reduce bonus levels. This finding, coupled with the weakening seen across the industry, looks alarming for returns on policies.

One of the least painful ways for offices to ease this kind of strain is to cut reversionary bonuses – terminal bonuses are not a commitment to policyholders, but reversionary bonuses, once they have been announced, have to be supported.

Scott also says that, for the life industry as a whole, 10-year pay-outs are around 20 per cent more than their share of the assets in the fund in which they are invested. In other words, the offices are digging into their reserves to pay for the maturity values.

This cannot be sustained, and so Scott predicts pay-outs will be trimmed back over the next three years, so that maturity values pay for themselves by 1995. That means 10-year pay-outs for £50 per month policies falling from their current average of just under £12,000 to a level around £9,000.

● *More information about the report can be obtained by writing to: Standard & Poor's Insurance Rating Services, 7th floor, Garden House, 18 Finsbury Circus, London EC2.*

See Page 12 first section

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Scarborough BS	First Post	0800 590578	Instant	£250	6.80%	Yly
Bristol & West BS	Balmoral A/C	0800 100117	Instant	£2,000	9.10%	Yly
Cheltenham & Glos BS	London Deposit	0800 272383	Instant	£10,000	9.60%*	Yly
				£25,000	10.00*	Yly
Scarborough BS	Scarbgh Ninety 2	0723 368155	90 Day	£500	7.25%	Yly
Manchester BS	3 Year Income	061 834 9465	3 Year	£10,000	9.57%♣	Mly
Chelsea BS	Premier VI	0800 272505	31.3.95	£10,000	10.00☆	Yly
TESSAs (Tax Free)						
National Counties BS		0372 742211	5 Year	£3,000	9.60%♠	Yly
Allied Trust Bank		071 626 0879	5 Year	£9,000	9.49%	Yly
West Bromwich		021 525 7070	5 Year	£150	9.00%	Yly
Tipton & Coseley BS		021 557 2551	5 Year	£1	8.65%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	6.50%	Yly
Citibank	Money Market Plus	0800 555884	Instant	£2,000	7.20%§	Mly
Chelsea BS	Classic Postal	0800 717515	Instant	£10,000	7.60%‡	Yly
				£25,000	8.10%‡	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman CI Ltd	Channel Islands	0481 822747	Instant	£500	7.00%	Yly
Yorkshire Guernsey	Key 90	0481 719898	90 Day	£10,000	7.50%	Yly
Yorkshire Guernsey	Key Extra	0481 719898	180 Day	£25,000	8.45%	Yly
Yorkshire Guernsey	Key Term Share	0481 719898	31.8.93	£50,000	10.10%	Yly
GUARANTEED INCOME BONDS (Net)						
Prosperity FN		0800 521546	1 Year	£25,000	5.90%	Yly
Prosperity FN		0800 521546	2 Year	£25,000	5.55%	Yly
Liberty Life FN		081 440 8210	3 Year	£50,000	6.40%	Yly
Co-op Bank Fin Adv FN		061 829 5582	4 Year	£2,000	6.30%	Yly
Financial Assurance FN		081 367 6000	5 Year	£5,000	6.55%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	6.25%	Yly
(7.00% wef 26.12.92)	Income Bonds		3 Month	£2,000	8.00%	Mly
	Capital Bonds G		5 Year	£100	7.75%F	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	40th Issue		5 Year	£100	5.75%F	OM
	6th Index Linked		5 Year	£100	3.25% +Infln	OM
	Childrens Bond E		5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. B = Bond. * = Rate guaranteed only until 1.1.93. Access only on 7 day loss of interest.
♣= Rate guaranteed only until 31.1.93. ☆= Rate fixed only until 1.4.93. ♠= Rate fixed only until 1.1.93. §= Rate guaranteed only until 1.2.93. ‡= Rate guaranteed only until 12.2.93.
Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD. Readers can obtain a complimentary copy by phoning 0692 500677.

Braced for the storm

***Scheherazade Daneshkhu** looks at weather-related insurance*

RAIN and violent storms have caused a great deal of damage in recent weeks and insurance companies are bracing themselves for a rise in weather-related claims.

Householders should check the extent of their policy cover and take preventative action in the home to minimise the need to make a claim.

Burst pipes are the most common cause of weather-related damage. Since building and contents are likely to be affected it is important to be covered for both.

Damage to roofs, windows, doors and walls falls under a buildings insurance policy, while damage to carpets and furniture is covered under a contents policy. Donald Malcolm, of General Accident, says that fitted units, tiles and wallpaper are also considered part of the building. Repair to pipes burst because of freezing weather usually will not be covered, according to Swinton Insurance brokers.

The insurance companies all stress prevention when it comes to winter. "Act as if you did not have insurance and be prudent," says Steve Turner, of *Sun Alliance. He* advises people to lag cold and hot water pipes and to clear gutters and drains to prevent damage during a thaw. Check the roof for loose slates or tiles. Noel Privett, of AA Insurance, suggests opening the loft door to let warm air into the roof cavity when the weather turns very cold, since that is where pipes and water tanks are at their most vulnerable, and to keep on the heating at night.

If you are going away, you should turn off the water supply and drain the hot and cold water system. Alternatively, you could keep the heating on low while you are away. Turner says the worst thing is to turn the heating off while leaving water in the pipes.

A prudent measure is to leave keys with someone in case of an emergency. If a pipe has burst, the water must be turned off immediately, so make sure that whoever comes around knows where the stopcock is. Remember that if you go away for more than 30 days, your policy is unlikely to cover you at all.

There can be confusion when it comes to cover for items outside the house. Garden furniture is usually covered under a contents policy but, if it is damaged by bad weather, you will find it hard to find an insurer willing to pick up the tab. Garden furniture should be stored either inside the home or in a shed. If a storm blows off the shed roof the stored garden furniture would be covered under your contents policy and the shed under buildings.

Some restrictions, on paths, fances and gates for example, can bemuse policyholders. Most insurers will not cover damage to fences or gates because of a storm or flood. Some insurers, for example AA, will pay for damage to fences and gates caused by a falling tree but many policies will not do this if the tree fell as a result of a storm. Damage caused by a falling tree (for whatever reason) will be covered by Sun Alliance if it fell on to a wall but not if it fell on gates or fences.

Your insurance company will not pay to clear away a tree which has fallen unless it causes damage.

Make sure that both buildings and contents are insured for their full value – if a pipe were to burst in the roof causing torrents of water to cascade through the house, remember that the payout on an individual item will be restricted. You should have the item specified or see if your insurer will agree to increase the single item limit. The standard excess on most buildings policies is £50.

If a pipe freezes, the Association of British Insurers recommends that you turn off the main stop valve and thaw the pipe with hot water bottles or a thick cloth soaked in hot water. You should start at the end of the pipe nearest the tank.

If the pipe has already burst, you should once again turn off the main stop valve. If you cannot stop the flow, open all cold water taps to drain the system but do not open the hot taps as the hot water cylinder could collapse if the pipes feeding it are frozen. You should also turn off the central heating.

Make sure that buildings and contents are fully insured

Before contacting a plumber, the ABI recommends contacting the insurance company immediately to see if they have preferred contractors, which will save you the bother of collecting different estimates for the damage. Some insurers also have emergency helplines.

If you are flooded, you should switch off electricity at the mains and move as many belongings as possible upstairs. The ABI recommends leaving windows and doors open to allow air to circulate. Furniture should be pulled away from the walls.

Swinton Insurance says you should keep damaged items to show a loss assessor, in case the insurance company decides to appoint one to look at the damage.

Since you will probably need to claim both contents and buildings insurance, having these policies with one insurer simplifies the claims process and you will only need to submit one claim.

However, it could be a while before you can redecorate and get life back to normal again. Walls should be treated with anti-mould solution and floorboards should be given six months to dry out. Many insurance companies will contribute to the costs of drying out and should pay for a short period of temporary accommodation if the property has been made uninhabitable.

Prevention is not only in the insurer's interest: averting a disaster means much less hassle for the homeowner, too.

The Week Ahead

ASDA, the grocery chain, announces its interim results on Friday and is forecast to increase pre-tax profits from £10.1m to between £30m and £40m, with most estimates around the £35m mark.

Analysts expect the improvement to be due to the reduction in debt and increase in interest receivable due to Asda's £350m rights issue last year, rather than an uplift in trading. The operating profit is expected to be little changed. The considerable efforts of the new management team, led by Archie Norman, will take a while longer to pay off.

HP Bulmer Holdings, the premium cider and drinks group, is set for a 20 per cent jump in pre-tax profits in the six months to October 31. Analysts put interim profits at about £10.7m compared with £9.07m last year, with the dividend likely to be increased 10 per cent to 3.8p (3.45p). Devenish, the West Country pub retailer, is expected to report a 16 per cent rise in full year pre-tax profits to £13.3m on Thursday. Pubs suffered from poor tourist trade in the first half but the second half has been helped by acquisitions.

Tiphook, trailer and container rental group, is expected to report on Monday a decline in interim pre-tax profits to £35m from £39.2m. Slower economies across Europe have taken their toll but the group is likely to lift its dividend by about 10 per cent from 4.4p a share a year earlier.

Southern Electric is reporting its delayed interim figures on Tuesday. It had postponed them until after its chairman had testified to the House of Commons on coal. Its pre-tax profits are likely to rise by about 30 per cent to around £18m, a bigger rise than achieved by some of the other regional electricity companies.

Daily Mail and General Trust should unveil on Wednesday a modest increase in full-year profits to around £50m from £47.7m. Advertising markets have been weak.

Electronic Data Processing, the computer services supplier, is expected to report on Monday full-year profits of about £4.8m, up from £4.1m a year earlier. It had a good first half with profits rising 30 per cent to £2.4m but trading slowed sharply in the second half.

Ferranti International, the electronics group brought to its knees by its disastrous acquisition of ISC in the US, reports interim results on Tuesday. The market is looking for further rehabilitation under the new leadership of Eugene Anderson.

COMPANY NEWS SUMMARY

TAKEOVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Blystad‡	5.4	2	4½	7.50	Abbot Hldgs
Cahill May Rob.	98	84	54	I£25.98	AAH Hldgs
Continuous Stat.‡	40*	38	34	6.80	Prontaprint
Evode	80*§§	94	72	94.30	Wassall
New Cavendish	46*	47	44	6.44	Broadland Prop
RHM	280*§§	288	251½	790.0	Tomkins
Simpsons Cornhill	36½	32	62	1.57	Baldwin

*All cash offer.††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 11/12/92. §§Shares & cash alternative. † Price at suspension.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Airtours	Sept	36,630	(27,510)	27.47	(24.68)	7.25	(5.75)
API Group	Oct	3,850	(470 L)	12.8	(-)	7.5	(6.75)
Archer (AJ)	Sept	938	(3,120)	3.1	(8.7)	4.4	(4.4)
Archimedes Inv	Oct§§	318	(292)	25.98	(23.84)	25.0	(23.5)
Avon Rubber	Oct	8,360	(965)	29.2	(1.8)	18.5	(16.5)
Berisford Internat.	Sept	22,300 L	(20,500 L)	-	(-)	-	(-)
Blackwood Hodge	Jun◆	17,840	(45,230 L)	5.8	(-)	-	(-)
Slick	Sept	8,580	(6,320)	26.0	(21.63)	9.2	(8.0)
Carlton Communicat.	Sept	102,300	88,300	34.2	(29.6)	17.0	(15.5)
Chiltern Radio	Sept	392 L	(114)	-	(-)	-	(-)
Compass Group	Sept	34,900	(32,000)	34.7	(31.9)	12.3	(11.4)
Countryside Propert.	Sept	11,700 L	(3,080)	-	(-)	4.11	(4.11)
Dobson Park Indust.	Oct	10,300	(13,100)	5.52	(7.05)	5.75	(5.75)
Eldridge Pope	Sept	1,610	(1,100)	8.3	(5.5)	3.25	(2.64)
Eurocopy	Sept	1,700	(7,030)	2.32	(9.49)	1.6	(4.0)
Evode	Oct	10,200	(7,300)	5.7	(3.8)	3.58	(3.58)
Faber Prest	Sept	4,800	(3,140)	31.82	(12.58)	12.0	(8.6)
Grainger Trust	Sept	4,420 L	(1,370)	-	(-)	5.25	(5.25)
Greenalls	Sept	64,400	(64,100)	29.6	(27.8)	11.7	(11.0)
Hambros Invest. Tst.	Mar	175 L	(71)	-	(-)	-	(-)
Johnson & Firth Brown	Sept	7,150	(8,870)	3.5	(4.7)	3.0	(3.0)
Lombard North Central	Sept	89,800	(3,200)	31.5	(12.8)	-	(-)
Lynx Holdings	Sept	115	(224)	1.34	(2.86)	1.0	(1.25)
Melville Group	June	593	(3,130)	-	(4.81)	-	(3.2)
NFC	Oct	91,000	(93,700)	13.1	(13.6)	6.55	(6.25)
Ossory Estates	Jun	41,600 L	(7,150)	-	(-)	-	(-)
Radio Clyde	Sept	1,820	(1,400)	13.2	(12.4)	8.5	(8.25)
River Plate & Gen	Oct§§	4,840	(4,850)	9.0	(9.02)	8.9	(8.9)
Sage Group	Sept	8,850	(6,640)	30.9	(25.5)	9.02	(8.05)
Sturge Holdings	Sept	7,750	(8,880)	9.4	(10.6)	8.25	(16.5)
Tilon Holdings	Sept	1,940	(1,510)	11.69	(9.31)	3.7	(3.25)
Tribune Newspapers	Jul♥	2,080 L♣	(2,340 L)♣	-	(-)	-	(-)
Tunstall Group	Sept	5,290	(4,370)	21.6	(17.4)	6.0	(5.35)
Vaux Group	Oct	30,900	(34,300)	19.04	(20.31)	9.35	(9.2)
Westland	Oct	28,300	(23,700)	13.2	(13.1)	4.25	(4.0)
Whessoe	Sept	8,300	(7,400)	26.3	(24.3)	8.0	(7.2)
Widney	Oct	313 L	(512 L)	-	(-)	-	(-)
Wolv. & Dudley Brew.	Sept	35,200	(33,000)	37.4	(36.0)	11.4	

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Acal	Sept	1,330	(1,520)	2.1	(1.95)
Airsprung Furniture	Sept	2,320	(1,700)	3.15	(2.63)
AB Engineering	Sept	48 L	(42)	-	(-)
Arlen	Sept	150	(527 L)	-	(-)
Aldas Group	Sept	16	(268 L)	3.6	(3.6)
Avesco	Sept	23	(147)	-	(-)
Bogod Group	Sept	105	(102)	0.2	(0.2)
Booth Industries	Sept	110	(324)	0.7	(0.7)
British Land	Sept	11,400	(10,200)	2.28	(2.07)
BTP	Sept	10,100	(8,800)	3.26	(3.1)
Campbell & Armstrong	Sept	30	(849 L)	-	(-)
Charter Cons	Sept	37,100	(38,500)	7.0	(7.0)
Compco	Sept	319	(240)	-	(-)
Cranswick	Sept	968	(659)	2.4	(2.3)
Crossroads Oil	Sept	107 L	(267)	-	(-)
Cupid	Sept	168 L	(93)	-	(-)
Drummond	Sept	57	(510)	-	(-)
East Mid. Electric.	Sept	30,300	(24,700)	5.72	(5.1)
ERF Holdings	Sept	2,730 L	(330)	-	(-)
Eve Group	Sept	2,589	(1,810)	2.7	(2.7)
Fine Arts Develop.	Sept	4,950	(4,490)	3.0	(2.7)
Fuller Smith & T	Sept	3,780	(3,610)	2.4	(2.25)
Gartmore Value Inv.	Oct§§	778	(754)	-	(-)
Great Universal Str.	Sept	194,800	(183,700)	13.75	(12.75)
Hunter Saphir	Sept	1,000	(1,820)	0.5	(1.0)
In Shops	Sept	903	(1,050)	0.66	(0.66)
Johnson & Firth Bn	Sept	7,150	(8,870)	3.0	(3.0)
London Merchant Sec.	Sept	11,260	(11,270)	0.8	(0.8)
Mansfield Brewery	Sept	8,670	(6,360)	4.4	(4.0)
Manweb	Sept	37,100	(27,500)	6.1	(5.45)
Midlands Electricity	Sept	33,400	(27,000)	6.35	(5.65)
Morris Ashby	Sept	839	(481)	1.7	(1.7)
NMC Group	Sept	2,880	(2,290)	0.5	1.25
Northamber	Oct	495 L	(980 L)	-	(-)
Novo Group	Sept	653	(529)	0.3	(-)
Nu Swift	Jun	2,520	(11,350)	-	(-)
Phoenix Timber	Sept	533	(1,130)	-	(-)
Pilkington	Sept	15,100	(50,600)	2.93	(2.93)
Protean	Sept	1,390	(482)	0.9	(0.6)
Rolfe & Nolan	Aug	707	&704)	2.55	(2.3)
Safeland	Sept	36	(81)	0.86	(0.14)
Siebe	Sept	80,300	(75,200)	3.3275	(3.025)
Scottish & Newcastle	Nov	108,400	(115,700)	5.76	(5.51)
South Wales Elect.	Sept	29,700	(20,790)	6.6	(5.8)
South Western Elect.	Sept	15,900	(13,600)	6.9	(5.25)
Stewart & Wright	Sept	183	(173)	-	(-)
Stirling Group	Sept	1,370	(581)	0.5	(0.5)
Tams John	Sept	372	(362)	1.59	(1.59)
Taunton Cider	Sept	8,000	(3,700)	2.4	(-)
Tex Holdings	Mar	146 L	(57)	-	(-)
3i	Sept‡	21,900	(28,100)	3.3	(3.3)
Tomorrows Leisure	Sept	110 L	(442)	-	(-)
Tops Estates	Sept	918	(1,340)	0.5775	(0.55)
Total Systems	Sept	425	(351)	1.5	(0.75)
Umeco	Sept	55	(68)	0.75	(0.75)
Vega	Oct	631	(517)	0.67	(-)
Wellman	Sept	321	(344)	0.3	(0.8)
Whitecroft	Sept	727 L	(2,230)	-	(-)
Wiltshire Brewery	May	283 L	(325 L)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. §§ Net Revenue. ♥ = Figures for 15 months compared with previous 12 months.‡ = Pre tax revenue.
♣ = Irish Punts. ◆ = 12 month figures compared with 18 month figures.

RIGHTS ISSUES

Melville Group is to raise between £3.3-4.4m via a subscription and a 1 - 3 rights issue.
Lonrho is to raise $170m via a 3 - 10 rights issue at 85p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

OIS International Inspection is to return to the stock market via a placing of 30m shares at 50p.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Acatos & Hutcheson	Thursday	1.75	3.25	2.50
Alvis	Wednesday	0.5	1.7	0.5
Baggeridge Brick	Wednesday	0.75	2.37	0.75
Bankers Investment Trust	Friday	-	0.88	-
Barcom	Thursday	-	-	-
Chemring Group	Wednesday	8.9	19.75	10.8
Daily Mail & General Trust	Wednesday	29.0	90.0	32.0
Dartmore Investment Trust	Tuesday	2.6	3.8	2.5
Devenish J A	Thursday	1.2	5.05	1.5
Electronic Data Processing	Monday	1.75	2.5	2.0
Gestetner Holdings	Thursday	1.8	6.4	1.8
Greencore	Tuesday	-	-	-
Group Development Capital Tst	Wednesday	-	0.24	-
GWR Group	Thursday	1.0	3.0	3.0
Heenocell	Wednesday	-	-	-
Hardys & Hansons	Tuesday	13.4	34.7	2.8
Hoskyns Group	Tuesday	0.75	1.65	0.75
Lovell Y J	Tuesday	2.2	-	-
Melville Street Investments	Tuesday	1.5	2.6	-
Midlands Radio	Tuesday	1.5	1.0	1.5
Polar	Monday	2.0	2.5	2.0
Richards	Monday	1.07	2.93	1.07
Sanderson Electronic	Tuesday	3.3	5.4	3.6
Shoprite Group	Thursday	-	5.2	2.0
Sycamore Holdings	Friday	-	-	-
Turkey Trust	Thursday	-	1.0	-
Yorkshire-Tyne Tees TV Hold.	Tuesday	3.5	8.7	3.3
INTERIM DIVIDENDS				
Abtrust New Dawn	Tuesday	-	0.5	-
Abtrust Preferred Income Inv	Thursday	2.90	5.81	-
Asda Group	Friday	1.25	0.85	-
Berkeley Group	Monday	1.5	3.5	-
Birkby	Tuesday	-	-	-
Brasway	Tuesday	0.24	0.34	-
Bristol Water Holdings	Wednesday	9.3	18.7	-
British Bio-technology	Monday	-	-	-
Bromsgrove Industries	Thursday	1.6	2.5	-
Brunner Investment Trust	Friday	2.56	2.35	-
Bulmer H P	Wednesday	3.45	5.55	-
Courts (Furnishers)	Tuesday	1.83	3.17	-
Creighton's Naturally	Tuesday	2.0	5.0	-
Danae Investment Trust	Thursday	-	-	-
Electric & General Invest.Co.	Friday	1.5	1.6	-
Ferranti International	Tuesday	-	-	-
First Technology	Thursday	-	-	-
Fleming Income & Invest. Tst	Tuesday	1.0	-	-
Forminster	Friday	3.78	8.75	-
Gibbs Mew	Friday	3.0	3.75	-
Gold Greenlees Trott	Thursday	3.3	5.0	-
Halma	Tuesday	0.86	1.35	-
Jones & Shipman	Friday	-	-	-
Kleinwort Charter Investment	Friday	1.25	3.75	-
Learmonth & Burchett Man.Sys	Thursday	-	-	-
MS International	Thursday	1.0	1.5	-
Northern Electricity	Wednesday	5.55	13.0	-
Optometrics Corps	Thursday	-	-	-
Pelican Group	Monday	-	1.0	-
Reliance Security Group	Tuesday	2.2	6.8	-
Seeboard	Wednesday	5.0	12.25	-
Southend Property Holdings	Monday	1.45	2.73	-
Southern Electric	Tuesday	4.9	11.75	-
Southern Water	Tuesday	6.5	13.0	-
TGI	Thursday	-	1.0	-
Tinsley (Eliza)	Monday	1.6	3.4	-
Tiphook	Monday	4.4	12.9	-
Triplex Lloyd	Tuesday	2.5	4.5	-
Wentworth Intl.	Wednesday	-	0.1	-
Wessex Water	Thursday	6.6	12.9	-
Yeoman Investment Trust	Wednesday	-	-	-
Yorkshire Electricity	Wednesday	5.23	12.53	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Friendly societies come in from the cold

John Authers on the transitional pains which societies must bear

IT IS "good news, bad news" time for friendly societies.

The good news is that the passage of the Friendly Societies Act finally allows them to compete on equal terms with building societies and life companies – a status which for several societies is long overdue.

This means that the government still thinks they have a role to play, just as many were dismissing them as relics of the Dickensian past, when the poor needed to rally together in friendly societies for their protection, rather than look to the welfare state.

The bad news came from the Lancashire & Yorkshire Assurance friendly society, which last week closed to new business until a high court ruling could be obtained after several serious irregularities were revealed in its accounts.

Some of the mistakes were so rudimentary – it lost money on a property as part of a fund which was supposed only to invest in bonds and cash – that other friendly societies are baffled as to how it could have been allowed to happen. Serious mistakes managed to pass auditors, consulting actuaries, and the Registry of Friendly Societies for several years.

L&Y raised fears that some of the harsher things said about friendly societies – that they are too small, and ineffectively managed – are true.

Compared to life offices, there is undoubtedly some truth in this. There are around 450 registered friendly societies, and many are moribund, or open only to specific groups. The majority are little more than workplace cooperatives.

There are only 36 large "directive" societies, which have to comply with the same rules for solvency as life offices. Of these, three – Family, Homeowners and Tunbridge Wells Equitable – have made significantly greater progress in the savings market than the rest. These larger societies are determined to show that L&Y is an exception to the rule, and to make the most of the advantages they enjoy over their larger rivals.

At present, friendly societies are known to investors for one product – the tax-exempt ten-year savings plan. This works like an endowment, with the exception that the fund invests free of tax. This should allow out-performance compared to life offices.

The catch is that the government has strictly limited the amounts which can be invested. These have been doubled over the past two years, but are still only £200 per year.

For sums this small, it is hard to provide administration cheaply enough to make the tax benefits pay. Every premium costs something to process, and this must take a bigger proportionate bite from smaller premiums. A survey in *Money Management* magazine found that the reduction in yield on friendly society tax-exempt ten-year policies ranged from 3.15 per cent to 6.5 per cent. The equivalent figures for life office with-profit plans were 1.4 per cent to 5.8 per cent, and maximum investment plans ranged from 1.2 per cent to 4.2 per cent.

"Reduction in yield" figures sound innocuous, but they give the number of percentage points which charges would knock off the annual return. So a reduction in yield of 5.5 per cent (the figure for Tunbridge Wells Equitable's strong-performing with-profits fund) means that charges can knock a return of 10 per cent down to 4.5 per cent. The better the investment performance, the less this will matter, but it does mean that friendly societies start with a handicap to offset their tax advantage.

The *Weekend FT* frequently receives letters from readers who have been disappointed by the costs of administration on friendly society policies, and the direct marketing which most companies use, which tends to feature projected interest rates in large print, has obviously misled many.

But the concentration on tax-exempt policies may be unfair. They provide the societies' "unique selling point", but they do offer less tax-efficient policies which in some cases do very well. Tunbridge Wells' taxed with-profits fund appears in Money Management's "magnificent seven" consistent high performers, along with the likes of Standard Life and Scottish Widows, but sales of policies above the tax-free limit have been disappointing.

The main changes introduced by the act are to replace the current Registry of Friendly Societies with a new Friendly Societies Commission.

This will have powers of supervision and control like those of the Building Societies Commission, and the societies expect their regulation to be much tighter in future.

Friendly societies have also been given the ability to incorporate, which will allow them to have subsidiaries. This means they can provide personal equity plans, unit trusts, or insurance brokerage services. The act also gives them clearance to provide residential nursing care, which thanks to demography seems likely to be a fast-expanding market, and to oversee wills and estates.

Family Assurance, which sees its core market as tax-efficient investment products, aims to introduce Peps and expand in pensions – although both are very competitive areas. Homeowners is exploring the possibility of offering long-term care provision.

Peter Gray, of Tunbridge Wells, sees opportunities in becoming an enabler for smaller traditional friendly societies to resurrect themselves. A subsidiary could offer cheap administration services for workplace groups or societies who wanted to club together for savings or for health insurance, the area on which the first friendly societies concentrated.

Gray wants the government to do more: "You have got to get us back to being the small man's piggy bank. You have hijacked our business with the welfare state. You have got to consider whether you continue with that role or whether you unravel some of the obligations of the state, as you have done with pensions."

This vision is attractive. Efficient workplace friendly societies could shoulder some of the burden of providing for a lengthy old age.

Whether this can happen depends on the government, and the leading societies.

Planning your Pension/**Debbie Harrison**

Avoiding a costly mistake

The standardised illustrations basis the market has to use makes all products look the same

HOW DO you find a personal pension which is free of high commissions?

It is not always easy to distinguish between fees and commission. Many advisers receive a combination of both while an increasingly common practice is for fee chargers to accept "integral fees" or "fee compensation" from product providers in lieu of commission when a sale is made. Any outstanding commission is reinvested in your plan.

This avoids the 17.5 per cent VAT you would be charged if you paid the adviser yourself but it has the disadvantage of linking the fee to the product sale. Moreover, if you opt for fee compensation to avoid VAT, make sure you know exactly what the adviser is getting. For example, if the charge includes a percentage of the fund, it begins to look more and more like commission and may cost you dear.

Under a typical personal pension, if commission is paid up front, it is likely to account for 60 per cent of the first two year's contributions on a regular premium plan. There are several types of low or non-commission personal pensions, for example some of the self invested personal pensions (Sipps) examined earlier in this series.

● **Non-commission plans:**

The term non-commission is used to describe products where there is no element of remuneration to the intermediary built in to the charging structure. Two prominent "non-commission" offices, Equitable Life and London Life, do not sell through third parties but instead run direct sales forces whose salaries are in part performance-related, so these products, strictly speaking, are not commission free.

Due to the domination of commission-based advisers, non-commission pensions have never really taken off and at present, unit-linked versions are only offered by Professional Life and Provident Life. However, Provident Life already operates a fee compensation system while Professional Life is considering this method of payment.

To give an example of a non-commission charging structure, Professional Life's personal pension has an establishment fee of £2.50 per month for the first five years, an index-linked policy fee of £2 per month throughout the term of the contract, and an annual management charge. The latter starts at 0.75 per cent on the first £5,000 and reduces in stages to 0.25 per cent on the whole of the fund where this is more than £25,000.

● **Unit trust plans:**

Only three unit trust groups offer a personal pension, namely Gartmore, Fidelity, and Rothschild Asset Management (RAM). Unit trust personal pensions offer a similar investment choice to life office unit-linked plans. Under a unit trust plan, premiums go into a feeder fund and then are directed to the funds of your choice.

The main difference between unit trust and unit-linked plans is in the charging structure. Where life office charges can be difficult to decipher, unit trust group charges by law must be explicit. Where unit trust groups pay commission, this is normally around four to 5 per cent. In some cases, even this can be discounted.

Gartmore, for example, has a 6 per cent bid/offer spread which includes 4 per cent commission. If the adviser forgoes the commission, this is discounted, leaving an initial charge of just 2 per cent. Gartmore's annual management charge is 1.5 per cent on most funds, reduced to 1.25 per cent on bond funds and 0.75 per cent on deposit funds. There are no other charges, no penalties for stopping and starting contributions and no switch fee.

Minimum contributions are £2,000 for single premiums, £500 for additional single premiums and £100 per month for regular premiums. Gartmore has just over £4m under management on its personal pension plans.

The Rothschild Asset Management (RAM) plan has a 5 per cent bid offer spread and 1 per cent annual management charge. There is no minimum premium level. As with Gartmore's plan, there are no extra charges for switching or for stopping and starting. RAM has £27.5m invested in its personal pension funds.

Fidelity makes a one-off administration charge of 1.5 per cent on the first contribution. The bid/offer spread is 5.25 per cent, apart from the cash and the gilt and fixed interest funds, where there is no initial charge. Annual management charges range from 0.5 per cent on the cash fund to 1.5 per cent on the equity growth fund. The minimum initial premium is £1,000 for a single contribution or £100 per month. Fidelity has £30m under management on its personal pension plan.

The choice of unit trust personal pensions is limited because most groups, including M&G, Save & Prosper and Mercury, provide unit-linked plans through their life arms. Midland Bank launched a successful unit trust personal pension but switched to a unit-linked product after a couple of years.

Alex Weiland, managing director of pooled pensions at Gartmore, says: "The majority of the unit trust groups prefer to use their life arms to launch unit-linked plans because this gives them greater flexibility in terms of charges. People should look carefully at the early termination penalties that apply if you need to transfer out of a unit-linked plan or terminate the plan early, perhaps because of redundancy. Moreover, life companies frequently use such devices as capital units or reduced allocations in the early years."

Under a typical unit-linked plan, the first two years' premiums are invested in capital or initial units. Capital units carry a higher annual charge than standard or "accumulation" units. In most cases, this charge continues to be levied throughout the policy term.

The other main method of charging under a unit-linked plan mentioned by Weiland is through reduced allocation rates. This means that only a percentage of your premiums actually reach your investment fund – the rest is swallowed up by the life office.

A third catch with some unit-linked plans is double charging on in-house unit trusts. In other words, you pay the usual initial charge of around 5 per cent on the feeder fund and then the same charge is imposed a second time when the feeder fund directs your money to the underlying unit trust. Unit trust personal pension regulations prevent double charging.

● **Investment Trusts:**

As yet, there are no investment trusts operating as personal pension providers. However, you can invest directly in investment trusts through a Sipp or indirectly through unit-linked plans. Skandia's personal pension offers access to the Foreign & Colonial Investment Trust and to Fleming's managed fund of investment trusts. Equitable Life's pension also offers a link with a managed fund of investment trusts.

● **Commission reinvested:**

Mainstream personal pensions can be available on a non-commission or low-commission basis. This is often arranged on a fee basis with the adviser but should not be confused with the execution-only services offered by some pension firms. Insurance companies will not negotiate non-commission terms directly with the public.

One problem with commission reinvestment is that advisers are prevented from showing the impact of non-commission terms in their projection analyses. Ian McKenna, partner with independent advisers McKenna & Co, said: "The life offices have constructed this system with Lautro (the life office regulator) so as to make it virtually impossible for independent advisers to provide valid examples of the impact of enhanced terms on the final payout."

Jim Roberts, general manager of Professional Life, said: "Thanks to the ridiculous standardised illustrations basis that Lautro/SIB force the market to operate under, all products look the same." Roberts warned that, even where initial commission has been reinvested, the provider often leaves in place the early surrender and transfer penalties. It is worth checking this point with your adviser. You should also ask what will happen to renewal and incremental commission.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Allen	C&C	22,000	15	1
Amersham Intl	Hlth	36,000	217	1*
BAA	Tran	5,500	41	1
Central TV	Med	1,200	18	1
Courtaulds	Text	85,000	463	2*
Dalgety	FdMa	4,000	19	1
Ewart	Prop	5,495,145	4,375	1
Glaxo	Hlth	300,000	2,433	1*
Goodhead	Med	1,000,000	400	1
Lowndes Lambert	Insb	175,000	539	7
Marks & Spencer	Stor	116,786	392	2*
Perpetual	OthF	7,000	14	1
Plysu	Chem	30,000	75	1
Powell Duffryn	Tran	7,000	30	1
Sainsbury J	FdRe	5,000	26	1
Smith & Nephew	Hlth	10,000	16	1
Smiths Industries	EngA	56,689	190	1*
TV-AM	Med	22,500	15	3
PURCHASES				
Allen	C&C	138,500	95	2
British Fittings	BdMa	70,000	29	4
British Polythene	Pack	5,000	19	1
Casket	BuSe	80,000	25	1
Fairway Group	Misc	120,000	46	2
Nesco Investments	Eins	91,987	20	1
Rhino Group	Misc	360,000	102	1
Singer & Friedland	Merc	350,000	151	2
Sphere Inv Tr Inc	InTr	100,000	12	1
Staveley	OthI	10,000	21	1
Ulster TV	Med	10,000	27	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 30 Nov - 4 Dec1992.

Source: Directus Ltd, Edinburgh

Directors' buying in Rhino Group (formerly JMD), the home entertainment and video games company, was highlighted back in October when directors bought stock in the open offer and placing. The shares have performed strongly since and the most recent purchase is worth more than £100,000.

Two directors – Anthony Solomons, chairman, and Archibald Walker, a non-executive – have bought stock in Singer & Friedlander, the merchant bank. Neither owned shares in the group prior to these transactions.

In Ewart, the property company, the sale by Philip Monahan coincided with his resignation from the board. Monahan's board seat was on behalf of Monarch Properties which expressed an interest in Ewart earlier this year. The sale of almost 30 per cent in Ewart was made to Pattenhead Establishment at a premium of more than 22p to the market price. Pattenhead says its interests are friendly.

Interim results from Allen reflect the difficulties endured by the contracting and construction sector. But directors were buying in September and recently the chairman and managing director bought shares.

Angus MacDonald, Directus Ltd

Stock dividends: a smart option?

***David Cohen** looks at potential costs for those tempted to take bonus shares*

SHAREHOLDERS in public companies are more and more frequently being given the opportunity to take their dividends in bonus shares rather than cash. Opting for shares will certainly help the company's coffers but the advantages for the individual shareholder are rather more questionable.

The practice of offering "stock dividends" was popular in the 1960s and early 1970s when dividend income was taxable at rates of up to 98 per cent. The attraction of stock dividends was that they escaped income tax and were subject only to capital gains tax on disposal – but this loophole was closed in 1975.

There will rarely now be a tax incentive for shareholders to take shares rather than cash and they may be worse off. The pros and cons can best be understood in the context of the treatment of cash dividends.

When a company declares a cash dividend, it has to pay advance corporation tax at one-third the amount of the dividend. The shareholder then pays income tax on the aggregate of the dividend and the ACT but gets a tax credit equal to the amount of ACT paid.

Take the case of a higher-rate taxpayer who receives a £75 dividend. The company must pay ACT of £25 and the shareholder will be taxed on £100. His basic rate charge will be wiped out by the £25 tax credit, leaving him liable only to higher rate tax of £15.

Suppose, instead, that our shareholder opts for shares worth £75. The ACT rules apply only to cash dividends but stock dividend legislation provides for the share value to be grossed up at the basic rate of tax so the effect is the same as ACT on cash dividends.

The recipient of the shares is therefore taxed on income of £100. There is no ACT-linked credit; instead, the legislation gives a specific dispensation from basic rate tax.

So the net outcome for a 40 per cent taxpayer will be exactly the same as if he had taken the money – a tax liability of £15 on a benefit of £75.

This is on the assumption that the tax charge will be based on the amount of the cash dividend foregone. But if, by the time the shares are issued, their market value is "substantially" higher or lower than the cash equivalent – interpreted by the Inland Revenue as 15 per cent either way – the relevant figure will be the actual market value.

This rule had a harsh impact on those who stampeded to take up stock dividends in the final throes of the 1987 bull market. Shares issued in those heady days often raced over the 15 per cent upper threshold but, after the Black Monday crash, were worth far less than the cash dividends that had been on offer. Shareholders ended up with the worst of both worlds – a smaller benefit and a larger tax bill.

Market volatility can work both ways. But the salutary experience of investors in 1987 does highlight the fact that stock dividends are "dry" income – triggering a tax liability but no liquidity with which to settle it.

The absence of ACT on stock dividends is a clear advantage for companies, particularly for the growing number which do not have sufficient UK profits to absorb all the ACT which they pay. There is also an advantage in issuing more paper rather than having to part with hard cash.

For shareholders the only tangible advantage is that it is a cheaper way of acquiring shares than buying them on the market, avoiding brokers' commission and 0.5 per cent stamp duty. Furthermore, the entry price will usually be the middle quotation for the stock rather than the higher "offer" price on a market purchase.

For non-taxpayers there is a serious drawback. A stock dividend means no ACT and therefore no tax credit. This makes no difference to taxpayers; the specific exemption from basic rate tax on stock dividends has exactly the same effect as the tax credit. For a non-taxpayer, this exemption has no value.

A non-taxpayer receiving a £75 cash dividend would not only be exempt from tax but could also claim a £25 rebate from the Revenue. But if he elected for a stock dividend, his right to a repayment would disappear. This applies to anyone outside the income tax net – children and other low-income individuals and also tax-exempt institutions such as pension funds and charities.

For those who remain undeterred, the worst shock may come when they sell the shares. The capital gains tax rules for stock dividends are labyrinthine. If the CGT liability itself does not eliminate any benefit from taking shares rather than cash, the extra fees payable to your accountant for undertaking the calculation almost certainly will.

■ *David Cohen is a partner in the law firm of Paisner & Co.*

A risky escape route

Frank Gray on a couple who bought an island complete with hotel

Edward and Mrs Simpson slept here: Tony and Beatrice Porter outside there rebuilt hotel on Burgh Island

IF YOU are running a successful London fashion business but are pushing 50 and thinking about a change, what do you do? Escape to an island, maybe.

That is what Tony and Beatrice Porter did eight years ago when they took the biggest risk of their adventurous business lives by deciding to snap up a chunk of near-deserted rock known as Burgh Island off the south Devon coast. Its sole assets were a near-derelict 1930s hotel, and a shale-and-mortar pub, the Pilchard Inn, built in 1336

Seven years and several million pounds later, the hotel has been refurbished to reflect its original art decoratif splendour and has enjoyed a vigorous trade, thanks to good timing, imaginative entrepreneurship, and the support of several banks willing to back a long-shot.

The Porters first visited the village of Bigbury-on-Sea on a winter's day in 1985. One sight of the island, despite its parlous state, was enough: they would become hoteliers. An added fillip, was that the hotel had a history: Agatha Christie used it as the setting for two of her novels, *And Then There Were None* and *Evil Under the Sun*.

Christie was close friends with the man who built the hotel, Archibald Nettlefold, founder of what is now GKN. He also owned the Comedy Theatre in London, which regularly staged Christie whodunnits. The hotel enjoyed pre-war notoriety as a playground for Christie, Noel Coward, the young Louis Mountbatten and even Edward and Mrs Simpson.

Ownership had long since passed from Nettlefold's hands; and on December 5 1985 it became the Porters', who bought it outright from Landstone Estates, a small development company, before it was put up for auction.

The total outlay, including a two-year restoration, ran into millions, Tony Porter recalled recently. Rewiring, for example, cost £50,000 and roofing £60,000.

The motivation, Porter said, was to take on a new challenge, particularly as Burgh Island came up for grabs just as his 50th birthday was approaching. Porter spent most of the 1960s in Nigeria working for ICI; in the 1970s he and his wife moved into London fashion consultancy.

"We could see that another 10-15 years would slip by with nothing really to show for them but a pile of scrap books full of press cuttings promoting other people's clothes," he said.

Once the decision about Burgh Island was made, the challenge was to persuade bank managers to go along with the plans, first with the bridging loan that would allow them to clinch the deal while the sale of their London house went through; the second to provide the long-term finance to restore the property.

Help came from Allied Dunbar, which agreed to lend enough money to up the deal before the auction. Contracts were exchanged on December 4 1985, and "we completed the deal the following January 6, by which time all these sales, our property in London and four small properties on the island, were either completed or set up."

A South Devon branch of Barclays Bank agreed to finance the refurbishment, no easy task given the deterioration of the masonry, electrics, heating and steel fittings, although the structure was sound. Much of the art deco furniture had been damaged beyond repair or destroyed.

The hotel's self-catering flatlets were kept going while room-by-room refurbishment got under way. The self-catering was gradually phased out and, the hotel went back into full-time business on March 12, 1988, complete with a scene out of a Coward play. "Our first customers turned up in striped blazers and beaded dresses, and the ballroom sprang to life with the charleston and the tango."

"We were advised that 28 bedrooms would be far more profitable than 14 suits with their own sitting room," said Porter, "but were dedicated to style in every area, and the suites suited that perfectly.

"Little by little, as we found more period furniture, more experienced staff and marvellous food, we were able to inch up the tariff to the current level of £85 per person per night, including breakfast, dinner, a suit and, of course, VAT.

To the delight of Porter's bank managers, Burgh Island enjoys an occupancy rate of 90 per cent in the five-month peak season and around 30 per cent in the winter. The restaurant operates to a fashionable London standard and attracts customers on its own. The hotel has a staff of 30 and is open all year.

Porter acknowledge that it was not always smooth sailing. "There were a number of occasions when we worried about the wide gap between expenditures and income on the project, and this kept us awake from time to time. But with our occupancy rate now having climbed, we are confident we have turned the corner. As well, our time and investment has enhanced the value of the property as a whole."

"The worst of the financial challenges behind us," said Porter, "there is no reason why we should not persist in trying to create one of the best small hotels anywhere."

■ *Burgh Island Hotel, Bigbury-on-Sea, South Devon TQ7 4AU. Tel and fax: 0548-810-514*

As They Say in Europe

Swiss role gives food for thought

IT IS NOT often that Switzerland provides a top story; in fact, it is rare even in Switzerland itself. But the referendum on the beautifully-named European Economic Area, and its resulting No, became a two-day wonder.

As a result, the Swiss have now taken their place among that growing band of European editors' unloved nations.

In neighbouring Bavaria, they had a good gloat. "The economic crisis, growing unemployment, the feeling that Switzerland's golden years are over, all that provided fruitful soil for painting things black and false images which all were directed towards to recipes of the past," wrote the *Süddeutscher Zeitung*.

Vienna's *Die Presse* feared that the Swiss result might mean increased financial burdens for Austria, but more probably it would add to local negative feelings about the EC. And, I can reveal, in Liechtenstein the result has thrown domestic politics into total confusion.

French papers argued that the Maastricht treaty was to blame – it had proved to be a calamity that probably would be underlined by this weekend's Edinburgh summit, especially since the British would be running it. But, noted *La Tribune de l'Expansion* in a rare moment of generosity, it was not all Britain's fault.

For the first time in my lifetime, events in Switzerland have provoked intellectual rumination on a matter of importance. And perhaps the country has become interesting in its own right: German-speakers voted No, the French Yes. So the francopohone *Journal de Genève* wrote the word "Nein" into its headline.

A Lausanne paper said there would be a dramatic worsening of relations between French and German speaking communities "with possibly the ultimate emergence of a better-structured and more dynamic French entity."

The media have been coy in supplying reasons for the emergence of this new (yet another) European fault line. The fact is that the francophone minority quite likes the French. The German speakers cannot abide the Germans.

The possibility of an outright revolt by the francophones against the majority group raises the spectre of Switzerland becoming another Belgium. Oh dear – and I had been arguing how interesting it was.

But, as they say, one thing is clear: Europe is going wrong. All those bits and pieces that made up the vision of a united Europe are disappearing from sight.

'All those bits and pieces that make up the vision of a unified Europe are disappearing from sight . . .'

The single market arrives without fanfare; European and monetary union are no more than a distant dream to some and a fading nightmare to others.

The endless amendments to the Maastricht proposals that the so-called Euro-sceptics are putting forward in the British parliament to scupper the bill on European union are a waste of time: the Battle of Britain is over.

The paradoxes abound and the moves to create greater unity in Europe have led to increased national friction and bitterness. The man in the street becomes more and more confused: I heard someone talking about "oilseed subsidiarity" the other day.

Even readers of the *Financial Times* might think, at first glance, that this is a real topic and, if an interviewer pressed a politician on it, the reply would be comprehensive and lengthy.

The British want a referendum on the treaty and the union, which is odd since they view it as Wonderland through the Looking Glass. I would sooner vote on transubstantiation.

In a curious departure, *le Figaro* produced a perceptive and sensible editorial on what forces were at work: "To think that the Swiss have been contaminated by the Maastricht syndrome! Like Denmark, which rejected the treaty, and France, which gave it a narrow Yes, they have shown their allergy to the dominant materialism.

"To the technocrats, notably those of Brussels, who argue that the Swiss have snuffed out history, they have replied by expressing values impossible to quantify because they come from the depths of ages past. The economic arguments were incontestable. But it was the reasons of the heart that won."

Here is the nub of the whole question: it was the Swiss, of all people, who voted for *raisons du coeur* and against their economic interests. Even in the canton of Zurich, the majority voted against a money-making enterprise. Can gnomes turn in graves?

It is all part of the general move to Euro-atavism outlined here a couple of weeks ago. As the *Neue Zürcher Zeitung* put it: "In even stronger numbers than in previous years the notably unfavourable economic conditions led to a general rejection . . . however well-founded the proposal."

It was talking about the other referendum in Zurich last Sunday when the voters – for the fourth time since 1973 – defeated overwhelmingly a plan to increase the car tax. The majority against was bigger than ever.

James Morgan

■ *James Morgan is diplomatic correspondent of the BBC World Service.*

Advance tax: is it legal?

UNTIL THREE years ago, I would give my husband details of my income to include on his tax return. Things are different now that I am taxed separately. During the first year I paid in arrears, which my husband tells me is how it should be. Tax for the second year was demanded on January 30. This year, I received a tax demand in September to be paid on January 1.

My income consists mainly of basic retirement pension and untaxed interest on £50,000 deposited with Barclays and re-invested at three-monthly intervals.

Is it lawful to tax my income before I have received it all? Am I obliged to pay our estimated tax demand?

■ Anticipatory assessments in respect of untaxed interest etc were authorised by the 1988 Finance Act for 1988-89 onwards, so the inspector is right in principle. After the end of the tax year, the assessment will adjusted automatically to the right figure.

There is, however, a long-standing unpublished extra-statutory concession under which a taxpayer may defer payment of tax from new year's day until the day (between January 2 and April 5, inclusive) on which the item of income in question arises.

In the circumstances, we suggest you write to the District Inspector (marking both the letter and the envelope "For the attention of the District Inspector") asking him to ensure that the officer dealing with your assessment is aware of this unpublished concession and gives you the benefit of it.

Reducing CGT bill

I AM A British citizen married to a French national and we own a house in France. We lived there for six years until my employer transferred me and the family to work in Italy, where we have lived in rented accommodation for the past seven years. The French house was rented out, and still is, to a third party.

Now my employer is transferring me to Britain and I wish to buy a house there. Would I have to pay capital gains tax on the sale of the French house? If so, is there any way to reduce or mitigate it?

■ It is probably not possible to mitigate the prospective CGT bill on the sale of the French house.

Write to the Inland Revenue Public Enquiry Room, Somerset House, Strand, London, United Kingdom WC2R 1LB, for copies of the free pamphlets CGT4 (Owner-occupied houses) and IR20 (Residents and non-residents: liability to tax in the UK).

Joint assets

I AM UNCLEAR as to the income tax, capital gains tax and inheritance tax position of a husband and wife who own assets jointly but whose tax rates are different (mine 40 per cent, hers 25 per cent). We own jointly building society accounts worth £80,000 but are considering joint ownership of shares and our home (between them, worth £200,000-£250,000, depending on the housing market). The house is in my name only at present.

Should I die, my estate would exceed the nil rate band several times (before the house/shares transfer referred to); my wife's would only just exceed it (again, before the proposed further joint ownership of assets).

Would the income and capital value of jointly owned assets be divided equally between us, for all the three categories of tax, or would different treatment be levied for different (ie, each) categories. Also, if at any time we wished to transfer absolutely the ownership of certain jointly held assets to one or other partner, is this permissible by the Revenue, even if it meant a lower overall tax payment?

■ Ask your tax office for the free pamphlet IR80(1992) on the taxation of married couples. The basic rule is that income from joint accounts and joint shareholdings is split 50:50 for income tax purposes, and that the proceeds (and cost) are similarly split 50:50 for capital gains tax purposes.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

However, there are wider-ranging anti-avoidance provisions to catch transfers into joint names which are motivated by a desire to reduce the family tax bills, rather than to give the other spouse a measure of financial independence. If you want greater details of these anti-avoidance provisions, you should ask also for the free booklet IR83 (1990) on independent taxation.

On the death of either of you, jointly owned investments and accounts would vest in the survivor, so there would be no question of an inheritance tax bill at that stage (assuming that both of you are domiciled in England and Wales, or Scotland or Northern Ireland – not necessarily both in the same one of these three countries).

The position for your house is a little different: it can be conveyed into the names of your wife and yourself as tenants in common (in which case, each of you can dispose of your respective half share by will, as you please) or as joint tenants (in which case, the freehold will vest in the survivor – unless either party in the meantime gives notice to the other of severance of the joint tenancy).

Talk things over with your solicitor.

Transfers from joint names to the exclusive beneficial ownership of your wife would be subject to the anti-avoidance legislation mentioned above (primarily, section 674a of the Income and Corporation Taxes Act 1988), but really a transfer into her exclusive ownership is less vulnerable to attack than a transfer into joint names.

Severance payment

I recently accepted early severance from my employer. The financial package was a lump sum amounting to £80,000. There were no other compensatory payments. On the lump sum, I was taxed approximately £21,500, as a considerable amount was at 40 per cent. Come April, I will be able to calculate the tax due for 1992/3 based on total earnings. I am writing about "top slicing." I have never understood the implications. Can I take advantage of it?

■ Unfortunately, top-slicing relief does not apply to severance payments like yours.

Karaoke and Sumo in remote Ogasawara

Christopher McCooey visits a sub-tropical area of Tokyo

THE NOTICE on the door leading to the upper deck said "Closed against rough weather." It was beginning to seem like an understatement. The ship had left the comparative shelter of Tokyo Bay and was heading south right through a typhoon. Waves slapped at the portholes, the curtains swayed, plates crashed in the galley.

When the ship began to roll while doing a handstand, I knew that my proud record of never having been seasick was about to founder. Next morning Typhoon 23 had blown eastwards; the ship settled into a rhythm of lethargic rolls. By mid-day, craggy islands were growing on the horizon ahead.

The Ogasawara group consists of about 30 islands located from 900km to 1,200km south-south-east of Tokyo in the same latitude as Florida and the Canaries. Administratively part of Tokyo, one of the most crowded areas on earth, they could not be more of a contrast.

The largest island, Chichijima (24.5 sq km), the one we were heading for, has a population of about 1,500 and the second largest, Hahajima, only 400. There is no airport – one is planned but conservationists could well delay its construction indefinitely – so the only way to get there is by boat, and the weekly ferry from Tokyo takes about 30 hours.

The islands were first spotted by the Spanish merchant adventurer Villalobos in 1543 and over the next 300 years were claimed at different times by Japan, Russia, Britain and the US. Sometimes called the Bonin Islands ("bonin" is a corrupted form of a Japanese word which means "empty of people"), they were first settled by two Americans, an Englishmen, a Dane and an Italian. This motley crew had known about the islands from their days on whaling boats and had sailed from America's west coast in 1830, stopping off for water and women in Hawaii en route. To this day, western features can still be seen among some of the Islanders, and western names are still evident.

The evening I arrived happened to coincide with the island's 12th annual Karaoke Taikai, or Grand Challenge Singing Competition. Held on a community stage in an amphitheatre hacked from volcanic rock beside the Shinto shrine overlooking the harbour, there were 43 acts competing for a first prize of about £425.

The compere announced Savoury Daniel (Japanese give the family name first) – the great-great-grandson of one of the original settlers. A Rhett Butler lookalike, complete with black moustache and cowboy hat, bounded onto the stage; he brought the house down with a country and western song, in English.

Others were not so well received. One tuneless tubby guy with a T-shirt that said "Unsung Heroes" was booed off the stage and helped on his way with a fusillade of mandarin oranges. Further light relief was provided by a boiled egg eating competition. The winner gobbled 10 and won a colour TV.

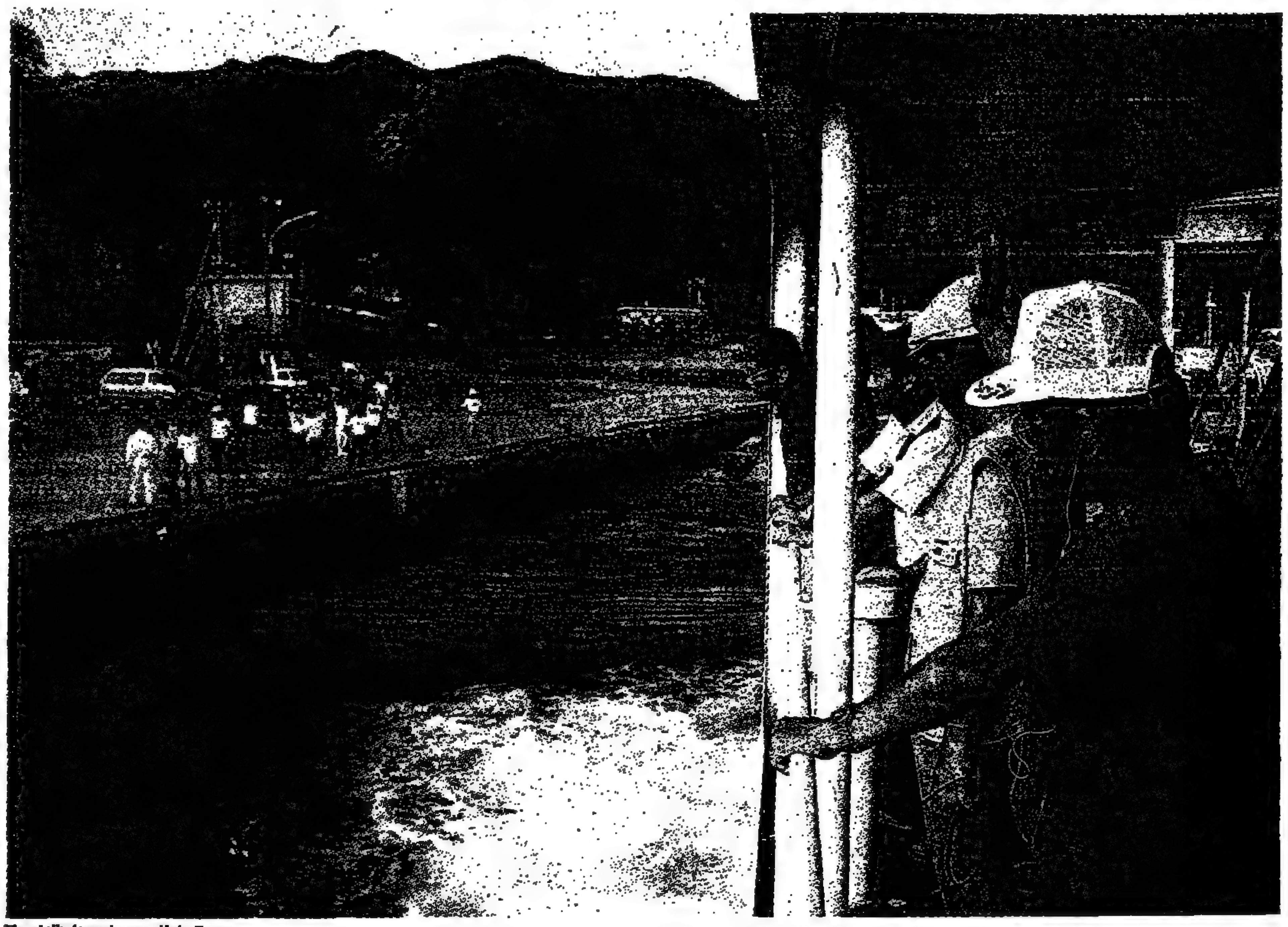
Next day, most people were back for the Sumo Taikai, children during the afternoon, adults in the evening. On a proper clay ring under a tarpaulin in the grounds of the Shinto shrine, the wrestlers fought keenly as team members (the self-defence force, the police, the farmers' and fishermen's co-operatives) or as individuals. In typical egalitarian fashion, every wrestler got a prize – a memorial key ring. But the winners were honoured with extra goodies: rolls of lavatory paper, cans of lager, pens.

Two hours by ferry from Chichijima is the other main inhabited island, Hahajima. I checked into a *minshuku* three minutes from the quay, bought a cold beer from the co-op and sat on the beach, shaded by an hibiscus tree. The pace of life is even slower on Hahajima but I was not complaining, having spent the previous two months living with my in-laws in what amounted to four smoke-filled cupboards in downtown Tokyo.

After a snooze, I began to look around. Islanders make a living from construction (new roads, breakwaters), agriculture (papaya and zucchini), tourism (bird and whale watching, diving) and fishing (sport and commercial).

In the harbour was a large pen. Inside were half-a-dozen turtles flapping lethargically every now and then, snorting their displeasure at their confinement when they came to the surface. A fisherman told me that they sold for Y60,000 and every part of the animal was used. The islanders eat them, but for how long is debatable. The island's last whaling station bowed to international pressure and closed in the mid-1980s.

The next day I hiked to the southern end of Hahajima. It was beginning to blow up a storm. Typhoon 24 (rather unimaginatively, the Japanese do not give them names, like the Americans, but numbers) was heading right for the island. The seas on the exposed east side were mighty – great whirls of seawater topped by orange-coloured froth – and turquoise waves rushed to dash themselves on the rocks, sending huge plumes of spray right over the island.



The daily ferry leaves Hahajima

I went underground for shelter. A whole network of caves and tunnels had been built during the second world war to defend the islands from the Americans. The defensive positions still have their searchlights and guns, although slowly the warm tropical sea air is eating them away.

Sugar cane is an ideal crop to grow in subtropical areas prone to typhoons. It bends but is not flattened. On Hahajima a company has been formed to make white rum from cane juice. Asafuma san showed me around his spotless distillery. The first batch of the liquor was not yet ready.

After the tour we settled down to a sampling session which involved cutting the tops off locally-grown passion fruit, loosening the glutenous pips with a spoon and topping up with the nearly-ready white rum. A pleasant glow began to steal over me; by the fourth fruit I sensed a remarkable transformation – my Japanese had progressed from basic to fluent.

The drink may have had something to do with the misunderstanding: From the distillery Asanuma san and I made our way to one of three bars on the island. As the only *gaijin* in town, I was something of a curiosity. A stranger came up to me and whispered "*shonyudo*" in my ear. I was stunned – an island of just 400 people and it boasted a nude show. I indicated my interest. "Me," he said, putting his index finger on his nose to make it clear who was whom, "guide san."

I was perking up fast. "You have flashlight? Rope?" he asked. My goodness, a nude show that required a torch and rope. "When?" I asked, trying to enter into the conspiratorial style of the conversation. "Eight tomorrow." "Tomorrow night?" "Morning," he said. "You what?" I said, but he had gone.

The stalactite grotto hall – *shonyudo* in Japanese – was the highlight of my visit to Hahajima. Without a guide it is difficult to find (an hour-and-a-half walk through the forest), and the entrance so narrow that I seriously thought I would be stuck there a week until I'd lost weight.

The grotto was a sloping cave about 50ft underground full of stalactites and mites, the colour of butter toffee. As we threaded our way through them, tapping them gently with our torches, they rang as sonorously as tubular bells, and soothed my hangover.

■ Getting there: the *Ogasawara Maru* sails five times a month from Takeshiba pier on the Tokyo waterfront. The dates can be obtained (with a fact sheet on the islands in English) from the tourist information centre at 6-6 Yurakucho 1-chome, Chiyoda-ku, Tokyo 100, tel: 03-3502-1461. For July and August, the busiest months, it is best to book three months in advance. Out of the peak months, a one-way ticket costs about £100 (blankets, pillow and your own floor space in open plan cabin; meals not included). There are also four-berth cabins. The journey takes about 30 hours. Tickets can be bought from any Japan Travel Bureau.

Between Chichijima and Hahajima a ferry takes two hours and sails six times a week.

The cheapest place to stay on Chichijima is the Silver Moon, Y3,500 per person but with no meals. The Villa Seaside is scruffy but friendly and costs Y5,500 per person with breakfast and dinner. On Hahajima, Tsuki costs Y6,500 per person and has excellent fresh sea fish for breakfast and dinner.

Bicycles and mopeds can be rented. Forest trails are well signposted.

Practical Traveller

A supersonic experience

David Pilling tries (and fails) to travel cheaply on Concorde

CONCORDE is for the seriously rich. A standard British Airways return fare to New York costs £5,030 plus tax – £670 per hour on board – while a cheap-day Concorde return is priced at £4,156.

It may be a soul-stirring experience to arrive in New York an hour and 10 minutes before you departed – the flight leaves daily at 10.30am and touches down at JFK at 9.20am – but most souls can be stirred for a much more modest sum.

Before you despair of breaking the sound barrier, however, there may be cheaper options. Be warned, though: I said *cheaper* options; *cheap* I did not say.

For the absolute miser – in Concorde terms this represents someone with £500 or so to blow on 20 minutes of supersonic bliss – you could fly to France. Paris Travel Service (tel: 0920-467-467) has chartered Concorde five times next year and will, for £598, whisk you to Paris for a night. On the outbound flight, Concorde takes a detour over the Bay of Biscay where it slips into supersonic realms. Returnees limp home on scheduled subsonic flights. The first 1993 departure is April 25.

The same company sometimes has last-minute deals on unsold seats, which it sells as day trips, usually for a little under £300.

Goodwood Travel (0227-764-949) specialises in Concorde charters and has, in its nine-year history, flown to 39 destinations. Next year you can be sped to St Petersburg (for the Kirov), Moscow (for the Bolshoi), Monaco (for the grand prix) or Cairo (for the hell of it). Prices range from about £925 (Paris) to £2,250 (Egypt, including a seven-day Nile cruise and time in Luxor).

If you get your skates on, you could fly to Finnish Lapland for Christmas, including the opportunity – should you wish – of visiting the Santa Claus village. Goodwood's Lappland departures this month start at £1,295.

Another Concorde idea for the festive season is the so-called Atlantic Time Tunnel which offers the chance to celebrate New Year's Eve twice in the same year. Passengers, paying £3,999, celebrate the end of 1992 in Shannon, in the west of Ireland, until half-past-midnight, at which point their champagne is confiscated and they are herded on to Concorde for the three-hour flight to Bermuda. Here they become acquainted with their old friend 1993 for the second time that evening.

The Guinness Book of Records will be monitoring the event which, if successful, will be a world first. Two nights later, Concorde takes you on to New York for a Bloomingdale's reception ($10,000 to spend for one lucky passenger) and from there, on January 3, back to London. For bookings, contact Hogg Robinson (081-897-2525).

For those who prefer their supersonic travel at a more leisurely pace, Elegant Resorts (0244-329-671) can fix you up with Concorde extravaganzas to Barbados. For £2,775 you can secure seven nights in a Treasure Beach ocean view suite (b&b), flying out on Concorde and back on BWIA first class. The standard Concorde return fare to Barbados is £4,228.

On most of the packages mentioned, your planemates are likely to include those for whom Concorde is something special: honeymooners, those celebrating anniversaries and romantics with long-cherished supersonic dreams. They will not be those for whom Concorde is merely a rapid means of shuttling between important meetings in London, New York and Washington.

Your fellow travellers are likely to celebrate the supersonic experience with champagne, caviar and an expedition to the cockpit. Scheduled passengers, by all accounts, spend the 3½-hour transatlantic trip looking underwhelmed (but smart), sipping carbonated water, waving away expensive food and giving the impression that, for them, Concorde is a weekly event.

Gardening/**Robin Lane Fox**

Now British Rail has the wrong sort of trees

British Rail's fake trees on the platform at St Pancras, London. Two hundred have been distributed – at a cost of more than £100,000

MY YEARLY advice to Christmas shoppers has been to buy a plant which is not a flowering plant or an over-forced plant but an honest, well-rooted mass of twigs which will grow, last for years, and do all the things which other Christmas presents cannot. I now realise that this yearly advice is unsatisfactory. There are also some unreconstructed characters who dislike gardening, dodge it all year, and wish that their partners were not fanatics. They tend to be husbands and many of them commute.

So, I am particularly pleased to announce that we have a new initiative for them, backed wholeheartedly by the InterCity division of British Rail. Indeed, according to BR's customer relations manager, it is actually the "best solution."

This "best solution" first came to my notice at St Pancras station in London. Earlier this summer, England's most distinguished plantswoman, Valerie Finnis, found herself waiting for the train to Kettering, Northamptonshire, during one of those periods of "delayed boarding."

She was surprised to notice that more than 30 trees, about 15 ft high, had been arranged down the Pancras platforms in smart new containers of silver aluminium. It looked as if Birnam Wood had come south on an Away Day pass; and so she stood on her luggage to check out the leaves.

The trunk, she found, had once been a tree, but the entire head of leaves was fake. There was no mistaking the soil, which looked like a mass of chocolate-coated beans. So, she wrote to BR's chairman, asking why living trees had not been chosen and what this new initiative cost. At the chairman's request, David Gibb replied to her query.

The management, he told her, had been "anxious to put some colour into St Pancras" but the presence of high voltage overhead cables had restricted the choice severely. "Live trees grow," he reminded one of our greatest lady gardeners. There was also that universal apology, health and safety. If live trees grew, "there would obviously be a fire hazzard." And, he pointed out: "There would be safety implications for staff climbing the trees in order to lop them."

> *'It looked as if Birnam Wood had come south on an Away Day pass'*

Safety implications, meanwhile, caused an unforeseen outbreak of "driver hazzard." The trees had been stationed so thickly on the platforms that the drivers could not see the guards; and so the trees, pots and all, had to be shunted to the side of vacant platform one. It was there that I found them on Monday while preparing my Christmas list for garden owners who hate gardening.

If you stand on platform one, the view soars upwards to the vast height of St Pancras, way above any tree-watchers or any tip of a plausible tree. After 100 years, a Wellingtonia might be somewhere near the cables in question, but a native birch or a hornbeam would have no chance of making contact.

A watching porter explained to me, kindly, that so far from being scaled by workmen, the new trees had been climbed already by drunkards. Thanks to the "alcoholic hazzard," two of the trees had split at the top, unable to support a visitor's weight.

Despite several inquiries, neither BR's chairman nor his management were prepared to reveal where our nationalised transporters had bought these trees on our behalf. But friendly railway security staff were more willing to reveal all. In the last instance, the trees came from Rentokil, and were ordered for St Pancras by BR's procurement and materials management division, located some way up the track at Derby.

At Derby, I was pleased to learn from the helpful staff that the new initiative was part of a campaign for "passenger environment" and that about 200 trees had been distributed round major stations from St Pancras to Cardiff, York and Newcastle – at a cost well in excess of £100,000. Under recent reforms, stations (like schools) are now managing part of their own regional budgets. To mark their new responsibilities, InterCity managers have been buying fake trees at about £500 a time.

Naturally, they are not just any old trees. Gardeners will recognise them as models of good old Ficus Benjamina, which is not an outdoor tree in Britain but is merely the most familiar of tender green trees for people whose horizons are limited to offices. These specimens are extremely trendy. In keeping with the best *FT* advice, a climber has been placed carefully so that it looks as if it is climbing up the main trunk. The climber is dead, of course: a vine stem which has been twined so as to look realistic.

After less than a year in position, the textured leaves are filthy, as we would have expected in an area of high pollution. Rentokil, I trust, has a cleaning and fire-retardent contract; like real trees, sham trees on stations are expensive to maintain.

Rentokil felt unable to supply further details of these trees' origin. Where, then, would you and I go to find one for a non-gardening friend?

My first stop would be Clifton Nurseries, in London's Little Venice, where the friendly house-plant managers can cope with every sort of up-market inquiry. Yes, they could always supply such a tree and I should realise that its leaves were not plastic but polyester silk. But why did I not talk first to the British company with the most experience of assembling them?

Down at the Marley industrial estate in Southam Road, Banbury, Oxfordshire, the expert firm of Pouliot Designs has been assembling non-living trees for the past 10 years. Indeed, it even began assembling them in a barn about 100 yards away from my family home – the site of my first 20 gardening years.

Throughout that time, I was encouraging you all to dig and prepare big holes for fine trees which needed watering: in fact, you could have bought one, ready-hung and without any need for soil or effort, just down the road where Des, the proprietor, had cashed in his retirement Jaguar and handshake and sunk them all in the business which now leads the field.

At Pouliot, they were very pleased to have been honoured with the British Rail order. The leaves are brought in containers from factories in China. Pouliot then arranges for dead trunks locally, with the help of the Forestry Commission, and its loyal workforce puts the Chinese leaves on the dead stems.

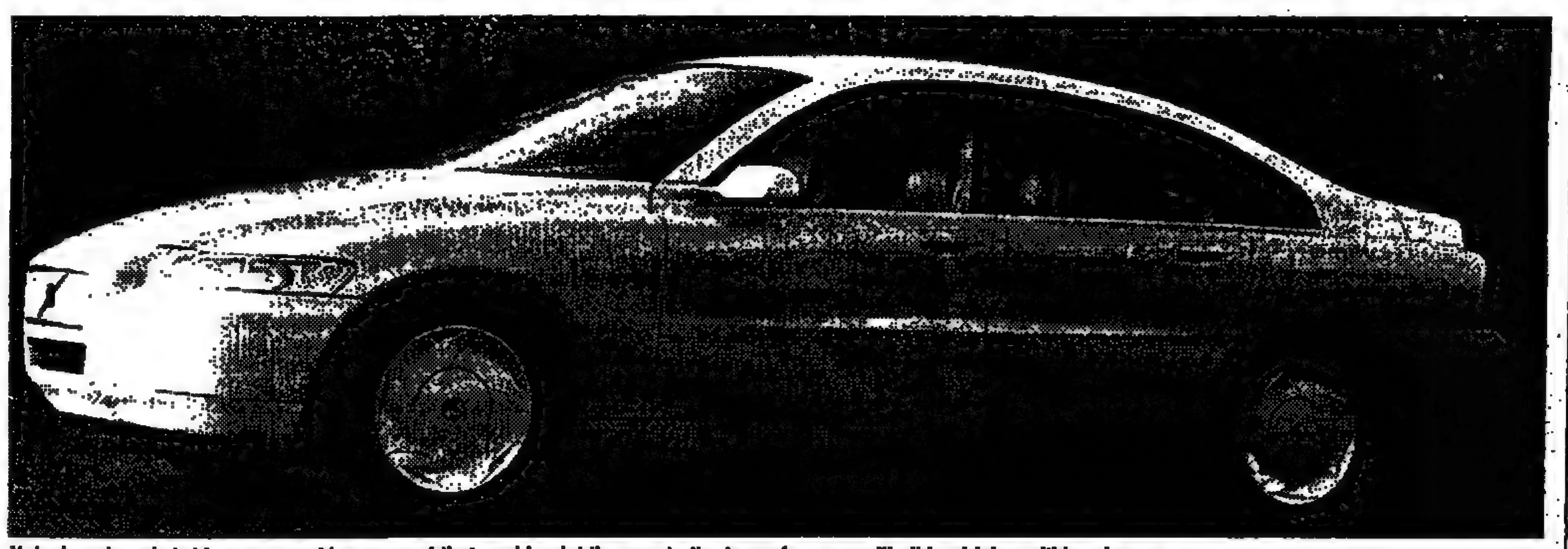
The bestseller is Ficus Benjamina, presumably because it is the tree which looks most familiar to the budget-spender who passes more time in his office than his garden. But Pouliot has been trying to introduce the Chinese workforce to the leaves of British favourites, and oaks will be available soon.

Meanwhile, spun aluminium containers are supplied by Lune of Morecambe, Lancashire. Pouliot will assemble the two and add dead vine but will always direct you, after discussion, to one of its retail buyers. It is a wholesaler and deals only with the trade.

Have we all been dreadfully stupid? We dig holes, summon manure and hunt for tree stakes but, down at Pouliot, Des and the ladies could run off an oak tree, 15 ft high in a spun aluminium container with earth-like chocolate nuts, and not leave too much change from £1,500. Meanwhile, station budgets in the InterCity section of British Rail have blown more than £100,000 on some dead tree trunks, scattered with pseudo-silk leaves from China.

Every extravagance has its own neurotic origin: we must all remember that real trees must touch off British Rail's deepest anxiety – that infamous hazzard of leaves on the track. Perhaps the InterCity stations are only phase one of a grander vision radiating out from Derby. Bogus trees will then be pilot-tested for placing on sections of the embankment which have been proven to be at risk, thereby eliminating a major autumn source of delay.

It will certainly be good business, and I hope the Chinese can cope with demand. Meanwhile, we can well understand why our British Rail network is so keen to point out to us that it is seriously short of necessary funding.



Volvo's unique hybrid . . . a working concept that could point the way to the type of car we will all be driving within a few years

Motoring/**Stuart Marshall**

Best of both worlds

Volvo's hybrid runs on batteries in town and a gas turbine elsewhere

NO ONE really knows what kind of cars we will be driving 10 years from now, although it is a safe bet that most will have internal combustion engines. But they will create less pollution than vehicles today: politicians, and a rising ground swell of public opinion in favour of environmental protection, will see to that.

Some, but not many, will be electric. They will be confined mainly to city centres and could be the only kind of car allowed in the most environmentally sensitive areas.

The idea of an almost silent, non-polluting electric car is attractive but the problems are great. Relatively cheap lead-acid batteries are extremely heavy while more efficient batteries – which are far from lightweight, anyway – are costly.

For at least 30 years, there has been talk of a radically new kind of battery that would make electric cars competitive with petrol or diesel cars. The breakthrough seems as far away as ever. Electric town cars of the mid-1990s will be conversions of existing models like the Citroën AX, Fiat Cinquecento and Peugeot 106. Later, purpose-designed battery-driven town cars will be introduced.

Nearly all the major manufacturers have made battery-powered conversions of their smaller petrol cars and delivery vans. Most also have displayed advanced electric car prototypes at motor shows. But all battery-driven cars have a problem.

They can provide good acceleration and a reasonable highway cruising speed, or an operating range approaching that of a normal car on, say, a half-tank of petrol. But not both. So, while a battery vehicle might be practical as a second car, used for short range commuting or shopping, it is a non-starter as an alternative to the family-cum-business car.

Enter the hybrid. It offers the best of both worlds by running on electricity in town and petrol or diesel on the highway. As a battery car, its speed and range are modest but sufficient. Out of town, though, it goes like a normal vehicle. Its engine is quite small and creates minimal pollution because it runs at a fairly constant speed and is coupled to a generator feeding current via the batteries to an electric drive motor.

Most of the time, the hybrid is no more than an internal combustion-engined car with an electric transmission. But for overtaking or hill climbing, the power stored in the batteries (which the engine keeps fully charged, of course) provides a useful performance boost.

The concept is not new. I drove an experimental Fiat 131 hybrid, with a one-litre Fiat 127 engine, about 20 years ago. Advanced petrol and diesel-electric hybrids based on the VW Golf and Audi quattro were seen at Geneva show in 1990.

PSA (Peugeot-Citroën), a leader in developing practical battery-electric cars, unveiled a diesel hybrid 405 estate last year with a 130 kmh (81 mph) top speed and a range of 750 km (470 miles) at 100 kph (58 mph). A more advanced PSA hybrid, with a gas turbine-driven generator, is under development. But little Volvo (well, it *is* little in the car makers' international pecking order) unveiled a turbo hybrid a few weeks ago at the Paris show and brought it out again at Birmingham.

Volvo's ECC (for environmental concept car) is based on the theory that although cars must be environmentally clean, they need to be proper five-seaters and not – in the words of its design director, Englishman Peter Horbury – "Dan Dare shopping baskets."

The EEC, which I drove very briefly in Sweden this week, is just that. A medium/large four-door saloon of most un-Volvo-like elegance, it has a small, diesel-fuelled gas turbine coupled directly to a high speed generator. This spins so fast – at up to 90,000 rpm, the same speed as the turbine – that it need be only a fraction of the size and weight of a conventional generator.

Its 40 kw (call it 56 horsepower) output might not sound much for a car the size of a Volvo 850. But the ECC is aerodynamically slippery and has tyres with low rolling resistance. And although a 770 lb (350 kg) battery pack accounts for 22 per cent of its total weight, it is still fairly light.

This makes it reasonably lively (a top speed of 108 mph/175 kh) and very frugal: 47 mpg (6.0 l/100km) in town and 54 mpg (5.2 l/100 km) on the open road. On a full tank, it will go for 416 miles (670 km) at 56 mph (90 kmh. Exhaust emissions from the gas turbine are lower than those of any car in use today.

The ECC has a two-speed automatic tranmission and front-wheel drive. When I tried it, the batteries were partly discharged, but I reckoned it would have held its own in town traffic. The gas turbine takes 30 seconds to start, during which the EEC can be driven on its batteries. Its odd, but not objectionable, whine can hardly be heard inside the car.

Do not plan on buying an ECC, though. The only one in existence reflects so much research and development that it must be worth nearly its weight in gold. In any case, it is a working concept, not a production prototype.

A hybrid car can never be as cheap as a straightforward petrol or diesel vehicle. It does, after all, have two power units. But Volvo thinks the electrical and electronic equipment should not be too expensive if produced in quantity. And it says the gas turbine is not much more complicated than a turbo-charger.

So, it seems that in the increasingly green years that lie ahead, a hybrid's price might have to be paid if we want to drive proper, full-sized cars in towns – or, perhaps, even drive them at all.

Skiing

Pure magic in Jackson Hole

FOR SKIERS, there is nowhere quite like Jackson Hole, Wyoming. But the sporting appeal goes only part of the way to explaining Jackson's qualities.

If you simply moved Jackson's Rendezvous and Apre Vous mountains to the French alps – where it sounds as if they belong; they were named by early French trappers – you would have a resort no better than Les Arcs or Courchevel and perhaps not even as good as Val d'Isère or Argentière. So, the secret is not entirely in Jackson's skiing (although, with its chutes and gullies, bowls, and wide-open, fast cruising trails, it certainly is excellent).

One of the other attractions is the vast, desolate and beautiful Teton mountains with their huge, lop-sided, jagged peaks that spring up from the flat valley floor like a pre-historic tidal wave of snow-drenched granite. They have a permanently startling quality, as if the Matterhorn had suddenly reared out of a Dutch plain.

Jackson has the largest elk reserve in the world, which you can view from horse-drawn sleds. The town itself – with its wooden footpaths, shops selling cowboy clothes and Indian art, and pleasantly rowdy bars – just oozes visions of the old Wild West. Even executives from rival ski resorts drool over Jackson Hole.

Take Al Roman, the village manager for 20 years at Copper Mountain, Colorado. "I just adore Wyoming," he said. "Hell, do you realise that the entire population of the state is only just over a quarter of a million. There's hardly any crime – there aren't enough people to form a gang. As for Jackson – what a mountain. And such a quaint old town."

There are changes afoot, though. Paul McCollister, who discovered the mountain and built the resort in the 1960s, has retired after a lengthy legal dispute with a wealthy Dutch shareholder that, effectively, put Jackson's master plan in mothballs. Others are now in charge, and one of their projects is to build badly-needed new lifts. The irresistible force of progress has returned.

There is an obvious danger, of course, that Jackson could be ruined by commercialisation, strangling the very qualities which make it so attractive. There is similar concern for Telluride, another unusually beautiful ski area which celebrities have patronised as the new Aspen – to the dismay of the locals.

Jackson Hole's new chief executive John Resor, seems well aware of this. A local ranch owner, with a reputation for his environmental awareness, he is determined not to kill the goose that lays such golden eggs.

Jackson Hole might not be the best ski resort in the world if you count the numbers of lifts, runs and snow cannon. But if you are looking for the whole cocktail of startling scenery, exhilarating skiing, western ambience, perhaps a moose or two foraging under the cable car, and a sense of beautiful if slightly disturbing desolation – then seek no further.

Arnold Wilson

■ *Arnold Wilson was a guest at Jackson Hole of Ski Scott Dunn, Fovant Mews, 12a Noyna Road, London SW17 7PH. Tel. 081-767-0202.*

The royal dilemma

□ CONTINUED FROM PAGE ONE

manic accents for an imperial crown.

The fundamental difficulty for the monarchy today is that, during the present queen's reign, these functions and justifications have been gradually but inexorably eroded. She herself is among a declining number in England who believe in the Commonwealth. And the pageantry of which royal weddings were such an integral part has surely now become questionable: it certainly has for Princess Anne at Crathie church today.

Deprived of these "traditional" functions, it is not altogether clear what there is left for the British monarchy to do. Or, put more depressingly, it is not at all clear what the sovereign, her relatives and her advisers believe there is to do. Perhaps the course is set already and a Monaco monarchy – trivialised and a perpetual scandal-machine – is indeed the only future function on offer. (After all, in the long run, the British monarchy has swung repeatedly from respectability to scandal and back to respectability again. Perhaps what we are now witnessing is merely the next inexorable swing of the pendulum).

The British monarchy has survived damaging troublesbefore – most obviously in the time of the delinquent children of King George III – and it could well be that it will survive the latest scandals as well. But the 1990s are not the 1820s. Then, Britain was a rigidly hierarchical society and, in the majority of countries, monarchy was still the natural order of things.

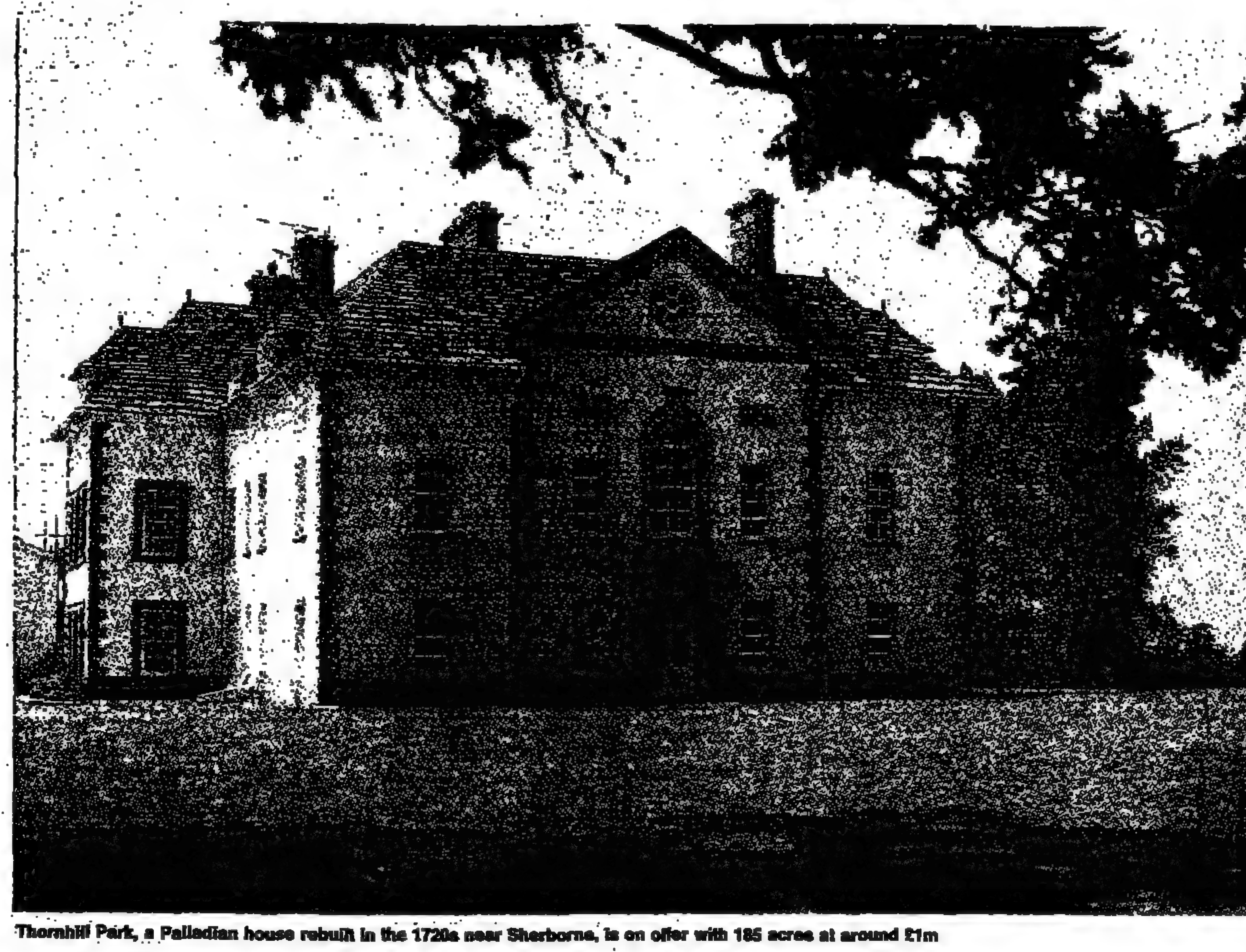
Today, by contrast, monarchy can be seen as an anachronistic relic which, if it is to survive as anything more than a tawdry and demeaning soap opera, must do something serious, sensible and substantial to justify itself.

Thus far, that is the challenge to which the embattled and beleaguered House of Windsor has failed conspicuously to rise this year. What is the British monarchy for? What sort of monarchy have we got? What sort of monarchy do we need? Do we need a monarchy at all? As the royal family falls apart before our curious eyes, these questions are going to become more, not less, insistent.

If the Queen is serious in wanting debate on the monarchy, she will be well advised to address the issues in her Christmas message. Platitudes about peace on earth, happy families and her *annus horribilis* will no longer suffice.

■ *David Cannadine, an Englishman, is Moore Collegiate Professor of History at Columbia University, New York. His books include Decline and Fall of the British Aristocracy, issued recently in paperback.*

PROPERTY



Thornhill Park, a Palladian house rebuilt in the 1720s near Sherborne, is on offer with 185 acres at around £1m

Bilshay Farmhouse near Bridport was recently sold by Symonds & Sampson of Dorchester but a number of similar properties are still on offer

House-hunting season in Hardy country

The green rolling valleys and attractive coastline of Dorset offer stimulating pastimes and a variety of properties, says ***Gerald Cadogan***

IN FOUL WEATHER think of Dorset, that contented, homely county where only spring and summer seem to reign. If you look for a house there now, the winter gales sweeping in from the Channel promise a few thousand pounds more off already competitive prices.

A drive of two to three hours from London by the A303 (worth the trouble for the sudden magic of coming on Stonehenge shortly after Amesbury) or the M3. Dorset is a different, self-sufficient world of rolling hills and wonderful walks, villages nestled in tree-packed hidden valleys, and old market towns of great charm, and good shopping, such as Sherborne, Blandford, Wareham, Shaftesbury, Bridport and the county town, Dorchester. The Blackmore Vale, known for its hunt, runs through the middle of the county.

The coast is superb for swimming and sailing, offering a choice between lonely beaches or developments, especially around Poole harbour, that are the nearest England comes to a riviera. The Weymouth ferry is an escape route to France but Dorset itself has any number of places for expeditions, from the Swannery at Abbotsbury or Thomas Hardy's study in the delightful Dorchester museum, to Maiden Castle, a whale of a prehistoric hill fort just outside Dorchester.

Houses on the market are of unusual interest for the slack season. Top billing goes to Thornhill Park, a splendid Palladian house near Sherborne which belongs to John Rew, co-editor of the Lloyd's Chatset reports, and his wife.

Sir James Thornhill, responsible for the dome of St Paul's and the Painted Hall at Greenwich, rebuilt the house in the 1720s and that is, on the whole, how it remains today, restored lovingly by the Rews.

With its own obelisk, fabulous views over Blackmore Vale, 185 acres, a dower house and a lodge. Knight Frank & Rutley (071-629-8171), Michael de Pelet in Sherborne (0935-812-236) and Symonds & Sampson in Dorchester (0305-264-172) offers this Grade II* house at around £1m.

Huish Manor, near Blandford, is a late Georgian house from the 1790s, offered at around £875,000 from Strutt & Parker in Salisbury (0722-328-741). The gardens are so fine that only devotees should think of this property, although the heated indoor swimming pool sounds perfect for winter.

Still more horticultural commitment is needed from those considering Clapton Court on the Somerset-Dorset border, offered by Lane Fox (071-499-4785) at around £1.2m, including cottages. These could be sold separately but probably are essential for housing plantsmen to look after the superb gardens, which are open most of the year and known to all serious gardeners.

Those considering the part-Tudor, part-Victorian Compton House near Sherborne need not be committed to butterflies and silk worms. It is at present home base for Worldwide Butterflies and the Lullingstone silk farm – renowned for making the silk for the Queen's coronation dress – which are not part of the sale. But, with 50 rooms, it might be wise to think of a business use for the house, on sale from Savills in Wimborne (0202-887-331) at £1m.

In nearby Nether Compton, Savills (acting with Humberts in Sherborne: 0935-816-909) has the mellow Old Rectory, complete with the vicar's billiard room and orangery, at around £525,000. Maiden Newton House, offered by Symonds & Sampson at around £550,000, is another 19th century rectory, this one with fishing on the Frome which flows through the grounds.

Weston House, perched on a clifftop at West Lulworth and built by Edwin Lutyens for George V's surgeon, Sir Alfred Fripp, is also with Savills. The guide price of £375,000 is attractive for what stands out at once as Lutyens' work: a brick manor with projecting eaves and prominently leaded windows.

Another impressive property by a well known architect – this time the Victorian, G.E. Street – is Kingston House, originally a rectory, in the middle of the Isle of Purbeck and two miles from Corfe Castle. Jackson-Stops in Yeovil (0935-74066) offers it at around £675,000. The firm has another old rectory at Frome Vauchurch, in the Frome valley, for about £485,000.

Between Street and Lutyens in date are two Tudoresque houses. One is the half-timbered Chaffcombe House just across the county boundary near Chard in Somerset, offered by Michael de Pelet and Knight, Frank & Rutley at around £425,000. The other is the stone Dower House at Parnham (John Makepeace's furniture studio is in the big house), with Savills at around £385,000.

The pick of the village houses is the grand Dawnay House in Puddletown outside Dorchester, a listed Grade II* Queen Anne-Georgian building with original oak staircase. Savills is offering it at over £200,000.

The attractive Old Manor Farmhouse at Marnhull, Dorset's largest village which prospered on the wool trade, dates even earlier to the time of Charles I and is offered at around £235,000 by Jackson-Stops.

Thornton Cottage at Moorside, near Shaftesbury, is offered at £190,000 by Knight Frank & Rutley and Michael de Pelet. Ware Farmhouse near Lyme Regis, with spectacular views of the Dorset coast, is with Jackson-Stops at around £350,000 while an inland farmhouse, Benville House near Dorchester – which has a paddock available for anyone who fancies hunting with the Cattistock – is offered at over £250,000 by Symonds & Sampson. The Old Forge in the lovely village of Milton Abbas is also on offer from Savills at around £170,000.

Sailors will think hard about Moriconium Quay at Poole harbour. It is a new "Mediterranean-style" development of apartments and houses on 125-year leases, each of which has a 43ft berth for a boat right on the doorstep. Prices at the Quay – Moriconium is the Roman name for Poole – start at £285,000 from Savills.

SPORT

Tennis/**John Barrett**

Dan Maskell: the voice of Wimbledon

MY OLD friend Dan Maskell died peacefully in his sleep early on Thursday morning. I had a premonition it might happen.

When I arrived in Munich for this week's Compaq Grand Slam Cup, I remembered what Dan had told me from his sick bed before I left home on Monday. Although he found it difficult to breathe, there was nevertheless still a chuckle in that famous plummy voice. "Careful now John . . ." he said," . . . don't catch whatever it was I caught there last year – I haven't been the same since."

It was typical of the man – always ready to make light of life's misfortunes and much more concerned about others than himself.

Dan's was a life of service to others and it brought him immense satisfaction. Throughout a diverse career that began with his appointment as full-time ballboy at Queen's Club at the age of 15, he was always giving of himself.

I first met him in 1948 when, as a promising junior, I was sent along by the Lawn Tennis Association for national coaching to the All England Club where, in 1929, Dan had become its first teaching professional. There was the great man, dressed as always in long cream flannels, putting me at my ease at once – but also putting me through my paces thoroughly on the tennis court to find out what I could do. Quite soon, it became apparent that I lacked a backhand of any substance. I do not hold it against Dan that, over the years, he was never able to eradicate that weakness. Nobody else could, either!

During the war, Dan served as the first rehabilitation officer for the Royal Air Force. It was a role he accepted with typical enthusiasm and one he conducted with such distinction that he was awarded the OBE shortly before he was demobbed. He often spoke in glowing terms of those dedicated days when wounded air crew would be brought for treatment to the new unit that had been established at the Palace Hotel in Torquay.

This was an establishment that Dan knew well because of its two beautiful indoor tennis courts, the stage for many memorable cup matches and tournaments. He was devastated when a bombing raid destroyed a wing of the hotel and killed some of the medical staff.

Dealing with the sufferings of others in those years helped to prepare Dan for the two tragedies that came later in his own life: the loss of his son, Jay, in an air crash in the West Indies and the drowning of his wife, Connie, a few years later in the same part of the world. The strand of steel that lay beneath the reserved, gentlemanly demeanour, together with the unfailing support of his daughter, Robin, saved him. So did his second marriage. Kay was the salvation for Dan in his final years and her large family brought him unexpected joy and happiness.

When he retired from the All England Club in 1955 at the age of 47, Dan became the LTA's training manager to concentrate on re-organising the national coaching structure. He felt he was no longer able to play daily for four hours at the pace of the outstanding young players who had risen to the top of the British game: men like Roger Becker and Bobby Wilson, Michael Davies, Billy Knight and Tony Pickard. These fellows were the nucleus of my Davis Cup teams in those years and I always took care to see that Dan would be around during our matches. His fund of stories – some taller than others – always helped to keep the atmosphere relaxed. More importantly, the fellows trusted him and respected his deep knowledge of the game and his dedication – just as the winning teams of the 1930s had done. After all, Dan had been the professional champion of Great Britain 16 times and could boast a win over the legendary Bill Tilden.

Dan was justly proud of the part he played in those golden years with Fred Perry and Bunny Austin, Pat Hughes, Raymond Tuckey and Harry Lee. The reunion of that triumphant team one year, during one of Fred's spectacular birthday parties at Wimbledon, was a special day for him.

It was Dan's friendly and relaxed personality that enabled him to bridge the gap


Oh I say: Dan Maskell covered Wimbledon for the BBC for 41 years

between the Upstairs-Downstairs world in which he had grown up and the glittering world of international tennis. He helped to accelerate the social changes that seemed so slow in coming. When he first joined the All England Club, he was allowed to change in the members' dressing room – a practice unheard-of at Queen's Club. Imagine his pride when, in 1953, he was elected as the first professional honorary member at Wimbledon. He had also been the first professional to be sent abroad with a national team in those glorious Davis Cup years.

It was as the voice of Wimbledon for BBC television that Dan will best be remembered. Over a span of 41 years his obvious respect for the game, its traditions and its performers shone through in all he did. There was a humility about him that all the great champions have possessed. *Sitting beside him in the commentary box* was a privilege I enjoyed for 21 years. He did his homework meticulously and had an instinctive way of knowing how to enhance the enjoyment of the viewer by highlighting the reason behind the outcome of a point. Never the needless chatter. Better complete silence so as not to intrude on the viewer's enjoyment of the *action. It was* a formula that was the envy of other broadcasters and built for Dan an army of fans.

In spite of the tragedies in his life, Dan used to say that he was one of the luckiest men alive. His love affair with tennis had begun early in life, while first skiing and then golf had provided the relaxation. The love affair never died. He saw his first Wimbledon final in 1924, when Kitty Godfree inflicted on Helen Wills the only defeat the great American ever suffered there. Then, from 1929 to 1991, he saw every day of play.

I shall remember Dan best for his generosity of spirit. He never said a mean word about anybody – though he would get justly angry at some of the outrageous behaviour he had to witness. Yes, he was a lucky man in many *ways, but the ones* who can really consider themselves lucky are those whom he counted as friends – and they are many. I am proud to have been one of them.

Golf/**Arnold Wilson**

Sobers swaps his bat for a club

NO MATTER what sport he tries, Sir Garfield St Aubrun Sobers always looks as though he is playing cricket. The golf course is no exception. If he were only wearing his cricketing whites, the illusion would be complete.

He even plays golf sporting two gloves, batsman style. "I just couldn't get used to the feeling of only wearing one," he grins, wielding his golf club with the expertise and panache of a batsman. Sobers is a golf addict.

He took up the sport 30 years ago when some Australian test rivals invited him to play. Now, at 56, he has finally abandoned cricket – a decision helped by a detached retina in his left eye which is still troubling him. "I can see well enough to play golf for the rest *of my life. I've done most of* the things that I wanted to do. It would be nice to earn enough to retire completely and just play golf and travel."

He also grew fed up with having to produce match-saving feats to order. "People always expected me to produce a brilliant innings or take a few wickets even when I was only playing once or twice a year. So I've decided to quit – I won't even play friendlies. I don't enjoy the game any more." Sobers has had arthritis for years, too, but says: "I don't feel the pain. I don't even notice that I walk with a limp except when I see myself on TV."

Although Sobers still haunts the Cricketers Pub which he opened at the Coconut Creek Hotel in Barbados, he now hits balls at his local golf course in Sandy Lane, where he has the unofficial freedom of the course. "Golf is good for your cricket, but cricket doesn't help your golf," he explains. "Golf teaches you patience, which I need, because I'm no good at waiting for people in front of me – I get so cold and stiff that my golf suffers. It stops being so fluid if I have to wait. Golf makes you keep your head down and your upper body still both of which are good for cricket. If you don't keep your head down at cricket, you can sometimes get away with it; but if you do that playing golf, you normally hit a bad shot."


Sir Garfield Sobers, golfer

We take shelter during a heavy shower. When it abates, Sobers finds his young caddy – a novice called Jason Skinner – has allowed the club handles to get soaked while keeping the blades dry. Wrong *way round. He berates the lad* gently, then says: "He's learning the hard way. So am I!"

Because of the rain, golf carts are not allowed on the course. "I don't like this rain," Sobers says. "I'm not playing through this, that's for sure!"

When I told Sobers that as long as I hit one good drive every game, I was happy, he said: "Don't be so negative. Don't just try for one good drive. Try for two or three – or four.

"When you start playing golf the most important thing is to *hit the ball as naturally* as you can – it doesn't matter where it goes as long as you hit it. Then, when you know with reasonable certainly that you're going to hit it, you can start worrying about where you're going to hit it.

"If you start out worrying about where you're going to hit it, you're never going to hit it well. That's the trouble with most beginners. People have been playing golf for years who still can't hit it straight. If they could every golfer would be a pro."

Easy to say, you might think, for a man virtually born with a cricket bat in his hands. "People always say that," says Sobers. "It isn't like that at all really.

"I don't remember when I first picked up a cricket bat, but it was probably when my father showed me how to. I couldn't bat before I started *batting, you know.*"

We are not far from the 4th tee – or is it the 10th? Sandy Lane is two nine-hole courses welded together. Golfers who just play nine holes do not simply play the first nine on the 18-hole course.

Sobers explains: "For example, *you might say I only took* five at the fourth and someone would say, but that's a par three. Well, the old four was but the new one – which is also the 10th – is a par four. Simple, really."

Simple as the mud on the bunker in front of the third green, which is full of rainwater. Plop – in goes Sobers' ball, with an answering plop from mine.

Scooping the balls out to the damp sand nearby, both our sand wedge shots fail. "We both made the same mistake then," he says. "We didn't follow through properly. Anyway, the course shouldn't really be open in weather like this."

He grabs a drink. "I don't normally bother," he adds. "I'm like a camel."

Halfway round the course we meet Ehrlich Horst, a Kitzbuhel hotelier enjoying the proceeds of a good skiing winter by spending three weeks in Barbados. "Kitzbuhel has a nice course" he volunteers.

"You mean it has mountains?" asks Sobers. "That's not a nice course. That's a *scenic* course. A nice course is a flat course – at least, as far as I'm concerned without a golf cart!"

In that case, Sobers is unlikely to be enthralled with a new nine-hole course which will soon be groomed from hundreds of acres of unwanted sugar cane on a hillside overlooking the present course. The new one has some wonderful views but, no doubt, Sobers will be less keen to walk up there unless he is guaranteed a ride.

The sun is going down and the whistling frogs are beginning their dusk chorus. Sobers has a flight to catch. He is representing the Barbados Tourist Board in London, and then going on to play some golf. He cannot leave the game alone. He even writes about golf.

"Golf is the easiest game in the world – to get hooked on. I guarantee that if you play for a year – not every few weeks, but two or three times a week – you'll be hooked. That's the kind of game golf is."

Rugby Union/**John Hopkins**

The turnover law that needs to be scrapped


A lift from a friend: Cambridge players experiment with the rules in a lineout against Oxford

IN SPITE of appearances to the contrary, Twickenham was not full for Tuesday's Varsity match. One seat was left empty when the ticket-holder, who gets vertigo, discovered the height of the west stand's upper tier. She retired to the car park and listened on the radio.

Perhaps she was the lucky one. The rest of us had to endure one of the poorest Varsity matches since the mid-1960s – as poor, incidentally, as the scratchy recording of the national anthem that was played before the start. The Varsity match merits more than a worn recording. Why not a a band?

My main complaint centres not on the standard of play but the style, which was a direct result of the new laws – especially, the turnover law. I left my (Oxford) seat with a deep sense of disappointment.

The first I saw of the new laws was at Aberavon on a sunny afternoon last September when Cardiff were the visitors. The home club had printed a list of the changes as explained by Clive Norling, the referee. There were more than 20 of them.

Cardiff won comfortably enough but Aberavon once caught their opponents napping with a quickly-taken throw-in that almost resulted in a try. The opportunism this law change was meant to encourage was evident.

Since then, I have seen one game each Saturday and a few in midweek as well. It is clear that most of the changes are working well. The experimental line-out variation, which says the catcher must use both hands or his inside arm to grab the ball, is sensible: it stops players levering themselves up on rivals' shoulders. I am glad, too, that the scrum-half can no longer dart away from a scrum in a dummy move.

On the other hand, the turnover law has not worked at all well. It says: "In a maul when the ball becomes unplayable, the team not in possession at the start of the maul will put the ball in to the ensuing scrummage." It quickly became known as the "use it or lose it" law and, in principle, it seemed sensible. Its aim was to encourage teams to ruck or maul the ball back more quickly, so that play would be more dynamic.

In drafting this law, the International Board were accepting the perceived wisdom that there is a New Age of rugby. The game is undergoing a renaissance in style and popularity now that it has become a running, handling affair in which forwards run like backs and backs tackle like forwards.

Rugby is growing in popularity, for players and spectators, in a way it has not done since, nearly 30 years ago, kicking to touch was banned from outside your own 22.

Yet, on the evidence of this season in Europe, the turnover law has done the opposite of what was intended. Teams get into their opponents' territory and kick the ball high in the air as an attacking ploy, rather than run at them and risk conceding the put-in at a scrum.

Furthermore, it encourages the defending side's back row to stand off at rucks so they are ready to move around the field and end attacks. This means that games become stop-start. In those I have watched this season, not one has contained sustained attacking rugby.

The greatest try I have seen was scored by the Lions in South Africa in 1980. The ball went through 32 pairs of hands and the movement lasted 96 seconds before Mike Slemen, the wing, touched down.

Under the present turnover law, it would not have happened. The referee would have blown up at the first ruck, after 14 seconds, and given a scrum to the home side.

Bob Dwyer, the Australian coach, hates the turnover law because it is stifling initiative. Lyn Evans, the Oxford coach, said after Tuesday's loss: "The game has less shape and pattern to it now." It was not sour grapes.

Tony Rodgers, the long-time coach of Cambridge, agrees. "Players are stacking up in midfield. No wonder you can't get attacking moves going. You have got to suck in the forwards, make them do their jobs of winning the ball."

Grappling for the ball in a maul, or getting it back with the feet in a ruck, are legitimate skills of the game. Sadly, they have been devalued by the turnover law, which encourages opponents to kill the ball because they know they will get the put-in at the ensuing scrum. Thus, rugby is becoming more defensive at a time when it is trying hard to do the opposite.

Fortunately, the turnover law is not written in stone; it is an experiment. The IB will review it in the spring. My advice is succinct: scrap it and go back to the old law.

Fashion heralds have designs on the past

Avril Groom flags the look which has its roots in medieval times

IN Siena, at the frenetic horse-racing pageant of the Palio, heraldic banners are hoisted which could be forgiven for being mistaken for a display of Gianni Versace's scarves.

At the Hermès workshops in Paris, their designs on silk incorporate heraldic symbols including those once British stalwarts the rose, the thistle and the leek.

And everyone with designs on selling to the yachting fraternity, from Louis Vuitton to Polo Ralph Lauren, has attempted to translate the heraldry of nautical flags, usually accompanied by coiled rope and compasses, into print.

The interplay between heraldry and design is one of Britain's most enduring images. Originally, of course, it was hardly fashion but a necessity as the medieval knight rode into battle wearing his identifying colours.

Today's designs, pioneered by Hermes, have seen the braid and badges of military pomp and circumstance and gold Baroque swirls added.

To the heraldry-wearers of today – from lager louts in Union flag shorts to the ladies-who-lunch in silk shirts emblazoned with ersatz coats-of-arms – one would hardly impute noble motives.

In fashion terms, status heraldry wins hands down, despite the best efforts of avant-garde designers to turn the Union flag into serious design.

Those Baroque designs with their swags and tassels of golden rope or chains and their shields and badges in rich, opulent colours have what is popularly recognised as elegance, even when they are inexpensive versions inspired by great designer names.

As such, they make ideal Christmas presents because, apart from a few dedicated fans of modernist, minimalist black, it is hard to find anyone who dislikes them. Heraldic is also one of the few print styles that both sexes can wear with equanimity.

The original, and probably still the best canvas for such prints is the shirt, as it shows off the whole design, usually spread unrepeated over a area to its best advantage.

Hermès was the original past-master of such designs, explaining their appeal by the "rich regal palette of colours associated with ceremonial pageantry, majesty and pomp which, in turn, relates to tradition and ancestry" – all factors with an emotional pull in today's uncertain modern world.

This perhaps explains the rise of the heraldic silk shirt as high fashion in the headlong consumerist 1980s and its now becoming a classic for more traditional dressers in the depressed 1990s.

But the Hermès print did not rule unchallenged for long. In the late 1980s, Versace, high priest of modern, body-hugging, sexually-charged design, turned his hand to heraldry and produced a print revolution.

As one of his associates put it: "However modern his shapes, his designs always contain historical references, anything from Greek or Etruscan to medieval culture."

Presumably, he looked at the ancient banners with their rich heraldic colours and strange insets of black and white checks reminiscent of 1960s op-art and evolved designs with his own imaginative input such as theatrical, operatic or architectural motifs, or a more obviously '60s slant.

With even more complex designs and colours, and therefore higher price-tags, than other such prints, Versace's inevitably became the most coveted. At up to £1,000, the Versace silk shirt was the ultimate late '80s status-symbol.

Some have gone into his Signatures collection of classic items that will last from one season to the next.

The print style – brilliant colour and Baroque gold interspersed with monochrome geometric sections – has been copied by the high street manufacturers of the world, often appallingly. Versace himself has wisely adapted it for his less exalted items. Now you can have an exclusive Versace print on your boxer shorts.

Diversification is the latest move in the heraldic game. Shirts and scarves started it, but now those who see these prints as adding a touch of class can do it in more subtle ways.

For women, it goes from head (hairbands) to toe (slippers and evening shoes), and from low-key (Sam Browne's fleur-de-lys printed separates in gold on black silk) to flamboyant (Loewe's print of Spanish nobles on heraldic-caparisoned horses).

For men, it goes from the obvious ties and cummerbunds to the more subtle – Hermès' print back on a plain dress-shirt or Gucci's silk-print back on a suede waistcoat.

At every level of the market, the Christmas pickings of this much-loved look are rich.

Soft shades for women: Clockwise from top – silk shirt by Renato Nucci, £129 from Fenwick, New Bond Street, London W1. Silk scarves, £129 each from Hermès, New Bond Street W1 and Sloane Street, SW1. Silk bomber jacket by English Eccentrics, £499 from Harrods, London SW1 and Harvey Nichols, SW1. Shoe, £175 from Gina, Sloane Street, SW1

Styling by: Paul Frecker
Pictures by: Lydia van der Meer

Deep shades for women: Clockwise from top – silk shirt, £690 from Loewe, New Bond Street, W1. Velvet leggings by Marie Helvin, £69 from Fenwick. Hair slide, £3.99 from Debenhams. Slipper, £63 from Gucci, Old Bond Street, W1 and Sloane Street, SW1.

For men: Clockwise from top – silk tie, £80 from Versace, Old Bond Street, W1 and The Italian Centre, Glasgow. Waistcoat, £540 from Gucci as above. Viscose shirt, £25 from Marks and Spencer major branches

HOW TO SPEND IT

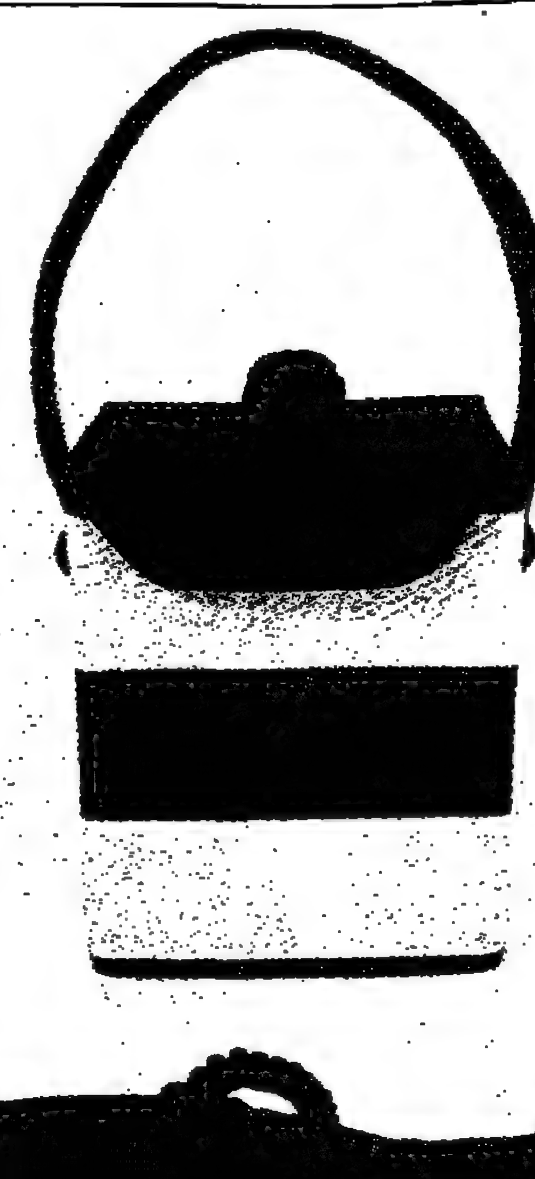
IF IN doubt, make it jewels. And these days they no longer have to be real. Costume jewellery has glamour, wit, insouciance — everything that real gems have — and at a *fraction of the price.* Here is a selection of some of the best costume jewellery around.

■ A 1940s Marcel Boucher bow brooch (£390) from a collection of stunning costume jewellery pieces being sold by Ian Lieber. Prices start at £55, most are between £95 and £350. He has a small concession in Peter Jones, Sloane Square, London SW1 but otherwise can be contacted at 29 Craven Terrace, Lancaster Gate, London W2 3EL.

■ Agatha is the place for up-to-the-minute costume jewellery at accessible prices. Either visit the shop at 4 South Molton Street, London W1 or tel: 071-495-2779 for a full-colour mail order catalogue. Photographed here (right) are gun-metal grey "pearls" — £22 for the earrings, £36 for the necklace, £14 for the five-strand stretch bracelet and £18 for the three-strand bracelet.

■ Square brooch (£125) and earrings (£69) by Pellini in pewter-coloured metal with amethyst-coloured glass. From Liberty of Regent Street, London W1. (Mail order available).

■ Smooth as pebbles oval beaded amber necklace, £1,250 from Manguette, 20a Kensington Church Walk, London W8.



Above: Miniscule version of the famous bamboo-handled Gucci handbag. In navy-blue satin with an integral silver chain (not shown), just 5in by 4in, £260 from Gucci, 17/18 Sloane Street, London SW1. Above, right: The tea-caddy bag from Lulu Guinness, in black and white, made from Petersham ribbon and is £112 from Sogo, Piccadilly, London W1

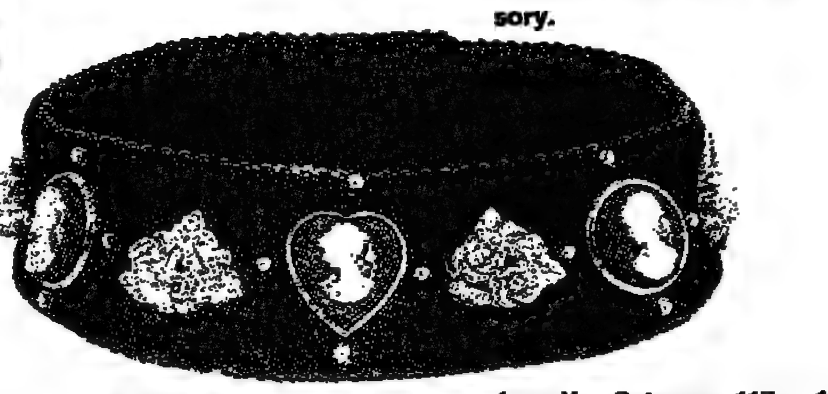
Above: Most miniscule of all, 3in by 3in in burnt orange suede. £130, from Salvatore Ferragamo, 24 Old Bond Street, London W1. Below, left: Black crocodile, 5in by 6in, £560 from Loewe, 130 New Bond Street, London W1. Below right: Red quilted satin with a bow and a black satin rope handle (also in gun metal grey), £620 from Chanel, 26 Old Bond Street, London W1

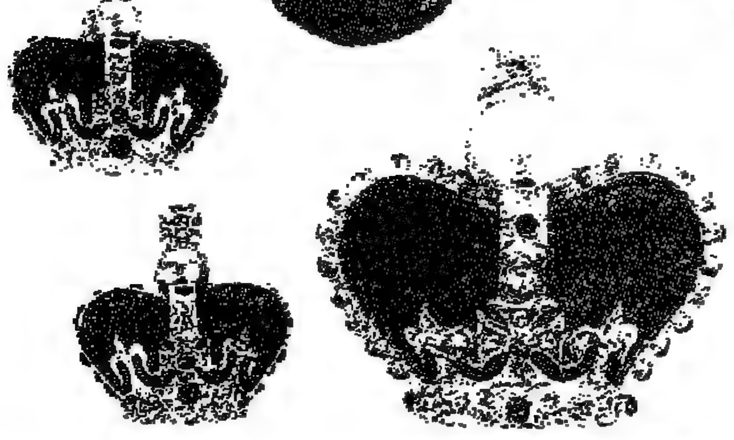
PHOTOGRAPHS BY TONY ANDREWS

HANDBAGS this year are being worn small. Do not ask where to keep your keys, purse, credit cards and other paraphernalia. If you want to be fashionable then there is nothing for it but an itsy bitsy bag that has scarcely any practical function. Before you get too downhearted, however, it should be said that these tiny little scraps of quilted silk, sumptuous satin, buttersoft kid and calf and crocodile, are surprisingly beguiling. the bags photographed are bits of fun, more like a piece of jewellery or an exotic decoration than a serious accessory.

Those who expect the miniscule handbag to come with a miniscule price-tag will, I am afraid, be disappointed. At designer level the prices seem outrageous — *but* they sell. From the big names, such as Chanel, Gucci and Loewe, they come in exquisite materials, are beautifully made and, of course, offer almost instant recognition. For those who fancy the idea of a tiny bag to tote to Christmas parties, but find the designer prices too outrageous to contemplate, I recommend a visit to Fenwick of 64 New Bond Street, London W1. There is excellent value — and lots of fun. A tiny grosgrain handbag with a beaded heart handle is just £29.95, while a pleated satin binocular bag with a chain hand is £19.95. A black satin handbag with a solid faux pearl hand is £27.95 and you could get a shiny gold version, that would dandle nicely on a wrist, for £49.95. Coach, maker of fine leatherware, has a sweet understated mini belt bag in seven different colours which measures just 5½in by 4½in, and is £69 from its shop at 8 Sloane Street, London SW1 (p and p £3.50).

■ Pictured right: gold satin mini drum bag with a black suede top by Lulu Guinness, £90 from Sogo.





■ Witty crown brooch and matching earrings. Wear one or the other - not both — £190 for the brooch, £120 for the earrings. Designed by Maria Merola, made of 24 carat gold-plating, from merola, 178 Walton Street, London SW3 (post and packing £1) or at Liberty, Harrods, Harvey Nichols and Fortnum and Mason.

■ Velvet chocker adorned with cameos and gilt, £210, from Van Peterson, 117a – 119 Walton Street, London SW3.

■ 18 carat plated gold and glass crystal earrings by Betty Jackson, £29.95 from Liberty of Regent Street, London W1. (Mail order available.)

■ Brilliantly coloured diamanté earrings, £48 from Butler and Wilson, 189 Fulham Road, London SW3 and 20 South Molton Street, London W1.

■ Bold silvery bracelet *designed by Michael Nardo,* £87.50 from Janet Fitch, 2, Percy Street, London W1.

Gizmos and gadgets for trendy giving

Paul Keers looks at the latest in electronic overkill

THERE is nothing like a good gadget. In the 1980s, electronics companies crammed everything possible into pocket-sized items, and the design cult meant that shops were packed with clever, stylish creations in elegant matt black and chrome. Such trendy shops as Oggetti and electronics specialists like LeSet had a field day.

Gradually, though, we acquired all those gizmos like Swiss army knives and Factory pocket offices. Both Oggetti and LeSet collapsed. Shops dropped the matt black and chrome items when they came to symbolise yuppie style. And electronic gadgets retreated into those catalogues which fall out of Sunday newspapers.

For a while, it seemed the love affair with gadgetry was over. But that was before I walked into a Leading Edge shop.

Leading Edge describes itself as "the world's most extraordinary shopping experience" and has outlets in such shopping centres as Whiteley's in Bayswater, west London; Lakeside in Thurrock, Essex; and Whitgift in Croydon, south London, as well as smaller outlets in Selfridges and Harrods, the London department stores. It also sells by mail order (customer service information on 0793-513-946) but it is a shame not to visit the shops in person.

My definition of a good gadget is one that does more than you could ever need. Most of the Leading Edge items do more than you could even imagine. For astonishing electronic overkill, try the Junghans Mega clocks (£49.95 and £79.95) which never need adjusting – even for British summer time – because an internal aerial picks up radio signals from the National Physical Laboratory.

There is a Nite Tracker hand-held spotlight (£59.95) with 500,000 candlepower that can pick out objects more than a mile away. And what about the Laser Pen Pointer (£119.95), a pen which also projects a three milliwatt laser beam up to 300ft. Although designed for pointing during presentations, it makes you feel you have a James Bond death ray in your pocket.

Then there is the Pencorder (£99.95), the world's first writing instrument to contain a built-in digital voice recorder. This ballpoint will record up to 40 seconds of speech and play it back through its own miniature loudspeaker.

Leading Edge also sells items which, without being gimmicky, are examples of good design. There is a travel quartz alarm clock (£29.95) with two faces, one for local time when you are away, the other for the time back home. It folds into a tough matt black clam shell for transit. And what about the stainless steel vacuum flask (£25.95) which looks like a piece of missile technology. It is unbreakable – it contains no glass – and it will keep drinks hot (or cold) for up to 24 hours.

But the electronic device everyone really wants this year is the Videoplus (£59.99 at all leading electronics stores). This is a handset which allows you to program your home video recorder to tape TV programmes simply by keying in a single number (as printed alongside TV listings in newspapers and magazines). This gadget makes VCR programming idiot-proof.

If electronic gadgetry is having a renaissance, what about style? American Retro (Old Compton St, London WI) still has that matt black and glass feel about it. And one of its matt black items is the Flexical (£16.99), a calculator which rolls up – rather as if high-tech design had met low-tech parchment.

Here, too, is a fine example of New Age gadgetry: the Leahy Relaxmate (£79.99), a pair of goggles which seals off external vision and plunges the wearer into rhythmic patterns of light designed to relax the brain. The idea – Californian, of course, – is to reduce stress and prepare the mind for sleep. The Relaxmate can be switched from alpha to theta rhythms for those *au fait* with their brain waves.

American Retro also sells one cult '80s' chrome item which is proving even more appropriate in the dressed-down '90s: the Fisher space pen (£13.50). This was developed for America's National Aeronauticsa and Space Administration and the special visco ink in its sealed cartridge is under pressure from nitrogen gas. Not only will it write upside down and under water – it will write in completely weightless space and at −40°C.

While these might not be everyday necessities, one reason for owning a Fisher is that it closes into a sleek little chrome bullet, small enough to fit into the pocket of your jeans.

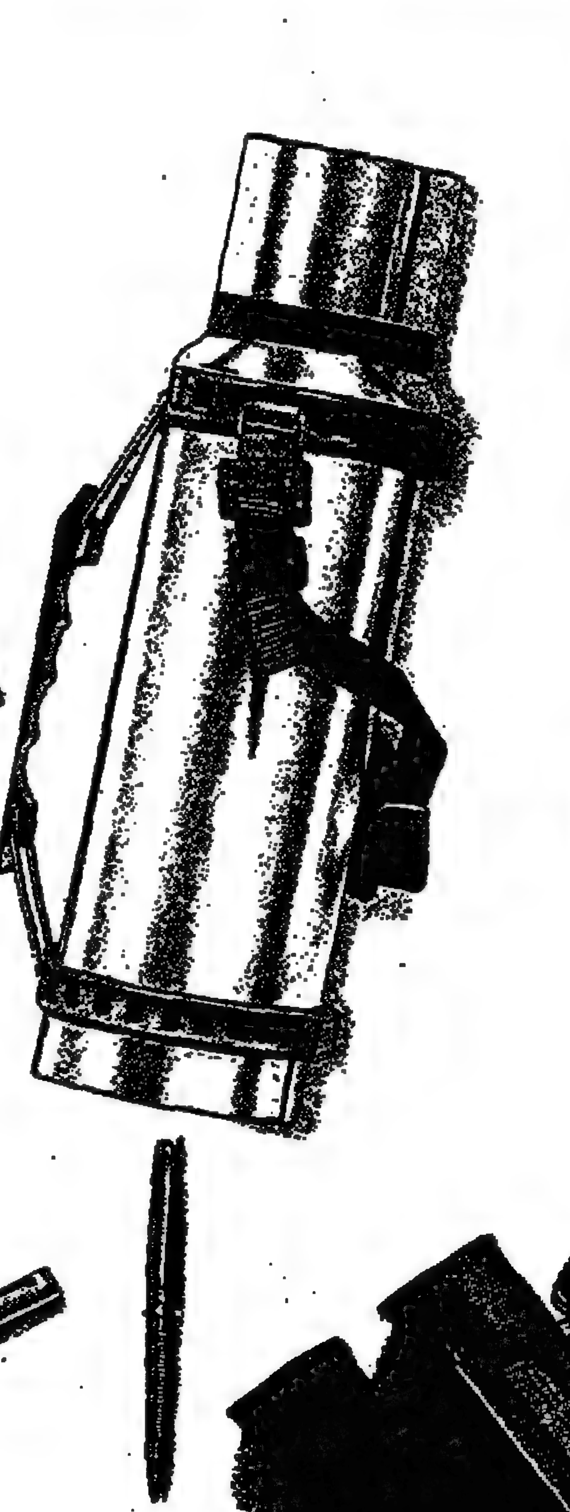
If you are wondering where the rest of those little chrome *objets* from the '80s went, most seem to be inside the showcases at Obsessions (Monmouth St, London WC2), an extraordinary new shop on the Seven Dials roundabout. Its interior features masses of red velvet and gilt and the cabinets are crammed with chrome boxes, pens, watches, miniature shaving sets, and so on. Those not quite so keen on nostalgia can try the steel cologne flasks (two sizes, £39 and £48).

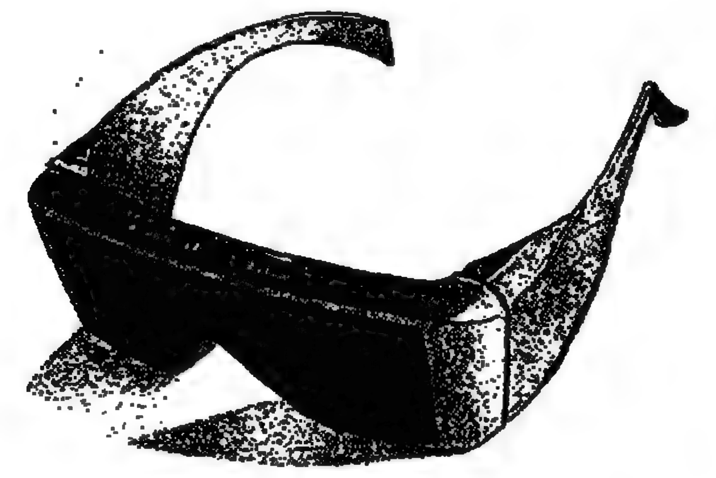
Fenwick's (New Bond St, London WI) used to have a whole basement area called "Style" which was full of items in chrome, glass and matt black. No more; what remains is a corner of glass cabinets containing, among other things, spherical matt black dice with white spots (£9.50) – beautiful but useless which, perhaps, says a great deal about style.

But there are also some genuinely stylish small picture frames; these free-standing, desk-top designs by Milano come in brushed or polished metals, cut into architectural silhouettes (from £13.95). And there are Milano frames for the wall with broad, minimally clean wood or black edges (from £12.50); while another Milano desk-top range (£22.50) uses contrasting column and sphere bases.

The place which has stayed on the ball is Authentics (Shelton Street, London WC2). Here are the big Maglite torches bought as combination night lights and nightsticks in the '80s – but also the little keyring version (£12.99), which could be far more useful.

Here, too, are three different sets of White Wings (£13.25), paper planes to be made by men who want to move up from schoolboy designs to a version of the Stealth bomber. Finally, if you really do want electronic, matt black, luxury gadgetry, Authentics has pocket-sized Redfield binoculars, with electric zoom, at £370. What gift could be more far-sighted than that?





Clockwise from far left:
The Flexical (£16.99), a neat little matt black calculator which rolls up – from America Retro, 35, Old Compton Street, London W1.
Unbreakable stainless steel vacuum flask – "looks like a piece of missile technology" – £25.95 from The Leading Edge.
The Nite Tracker – hand-held spotlight-cum-torch with ½m candle power that can pick out objects more than a mile away – £59.95 from The Leading Edge.
White Wings, serious paper planes designed by "the world's leading paper airplane designer" for grown-up boys – £13.25 a set from Authentics, 42, Shelton Street, London WC2.
The Shealy RelaxMate for insomniacs – "Just put them on, turn them on, sit back and relax" – £79.99 from American Retro.
Pocket-sized Redfield binoculars with an electric zoom – £370 a pair from Authentics
The Fisher Space pen (£13.50), a pen that writes upside down, underwater and in weightless space – £13.50 from American Retro

Bargains you can picture

Lucia van der Post puts you in the right frame of mind for Christmas

Yvette by Philip Gardner

THIS YEAR, as if you needed telling, has been grim for almost everyone and that has been strongly reflected in the art world.

Some of Britain's most famous dealers have shut up shop, others are struggling to stay afloat by offering some of the best bargains seem for many a long year.

As scarcely anything can be nicer than a picture for Christmas here are just a few places where you could find something appealing for the walls without spending a fortune:

The Art Collection of 3-5 Elystan Street, London SW3, has always made a point of selling affordable, accessible original drawings and paintings, almost exclusively representational. But, this year, it is making a point of having a range of work that sells for less than £200. As the pictures are nicely framed they make a complete and ready present.

Roy Miles, possibly most well-known for popularising Russian Art, this year has "Art from China" – a wide choice of framed oils at £300 each at his gallery at 29 Bruton Street, London W1.

Photographed centre is "Young Shepherd", a typical example of contemporary Chinese Folk Art, a mixed media on paper measuring 23in by 232in. There are also lots of ceramic pots from China ranging in price from £30 to £900.

Burlington Paintings, at 12 Burlington Gardens, London W1, has a collection of watercolours by the Norfolk artist, Philip Gardner.

Working in watercolour and reed pen there are serene East Anglian landscapes, portraits (such as the delightful one of Yvette photographed here left, £925) and London scenes. Prices start at £250.

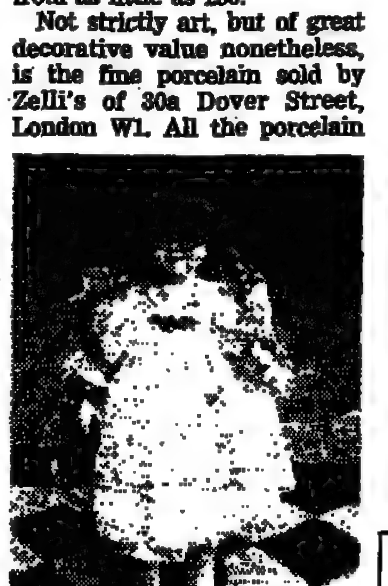
La Galerie, at 225 Ebury Street, London SW1, goes in for very decorative French work but, this Christmas, has watercolours, pastels and drawings at prices that start from as little as £50.

'Young Shepherd', folk art from China

Not strictly art, but of great decorative value nonetheless, is the fine porcelain sold by Zelli's of 30a Dover Street, London W1. All the porcelain is hand-made, hand-pierced and hand-painted and almost all of it comes from Germany.

At Zelli's there are pieces of purely decorative value (such as Paul Scheurich's drummer boy or the immensely popular Dresden cockatoos) but more appealing are the pieces with a functional use – intricately decorated candlesticks by Meissen at £185 the pair, vases by Nymphenburg from £90, white and gold bowls from KPM Berlin £82, a Dresden pierced pot-pourri at £125.

Almost in the collector's class are the beautiful porcelain dolls being sold by Barclay & Bodie of 7 Blenheim Terrace, London NW8.



Lily from Barclay and Bodie

All are delightful, all beautifully dressed to fit the part – choose from sailor girl (£36), skater (£55), Alice in Wonderland (£34) and Lily (photographed here below, £35). Each comes in a nice old-fashioned cardboard box and can be posted for £4.50 post and packing.

Do not forget the museums as useful sources of some surprisingly inexpensive presents – the Horniman Museum, for instance, at London Road, forest Hill, London SE23 has hand-carved wooden puppets from Burma at £14.95, Ikat shawls from Tibet (£22.95) and candlesticks from Mexico (£19.95).

Birmingham Museum & Art Gallery, Chamberlain Square, Birmingham, has a Dinostore where all manner of dinosaur goodies can be bought from bendy dinosaur rulers at £1.99 to walking dinosaur wind-ups at £1.99.

At The Bodleian Library, Oxford, there is lots of lovely stationery but, for a serious present, there is always The Bodleian Chair, a reproduction of a 1766 library chair in English ash and elm which comes in kit form for £295.

Finally, at Charleston Farmhouse, near Firle, Lewes, Sussex, there are hand-made and hand-decorated replicas of original vases, jugs, mugs and fish bowls by Quentin Bell and Duncan Grant starting at £9.50.

There are also hand-painted lampshades, each one different, by Robert Campling and Quentin Bell (prices start at £42).

Candlewick Green of 35 Neal Street, Covent Garden, London WC2, sells a wide range of candles and candleholders so anybody still looking for decorative devices for walls, tables, trees should make a point of looking in on Candlewick Green.

In particular there is a wide and appealing range of wrought iron candleholders, all designed by Candlewick Green and made exclusively for it.

A single wall sconce would sell at £25, while the four-branch table candle-holder photographed above is £95 and an elaborate 16-branch chandelier of considerable elegance is £395.

Beside the usual range of hand-dipped and moulded candles Candlewick Green also does wonderful candles for special occasions – orange-shaped for hallowe'en, floating ones, pillar-shaped, square, cone-shaped and a whole series suitable for out of doors.

Candlewick Green's table candelabra

Correction

The Chess Centre, which Anthony Curtis mentioned in his piece on computer games last week and which stocks many games, including a series of chess programs from Oxford Softworks, is at 369 Euston Road, London and not 169 as printed last week. Sorry.

The subtle variations in the black-tie uniform

Elizabeth Walker looks at the choices of kit available for formal events, and explains why gentlemen should always knot their own bow ties

EVENING wear for men looks deceptively simple. The usual kit seems well-defined, with ground rules honed by tradition. In reality, it is easy to get it wrong.

The black tie is a relatively new tradition. It was first worn by Edward VII when he was Prince of Wales and became popular in the US around 1910 when the Tuxedo Club was started in upstate New York. Between then and now, posh parties have seen everything from the Sergeant Pepper velvet patchwork of the 1960s to serious black silk polo-neck sweaters sported by 1980s' advertising men with their Japanese designer suits.

These days when the invitation says "Black Tie," it means exactly that. White tie (and tails) are commanded rarely these days, except for livery dinners, hunt and Highland balls. Cocktail parties and smarter dinners are the occasions when you can afford to be more adventurous.

When choosing a dinner jacket the quality of the fabric is important and generally you get what you pay for. Suits are best tailored from barathea (a combination of wool and silk); silk alone is too shiny and you could look like a second-hand car salesman. Revers (lapels) on the jacket and the discreet strip down the outside of the trouser leg are best when cut from fine corded silk.

Jackets can either be single or double-breasted depending on your taste and figure. Traditionally they should be without vents and are a little shorter than those worn every day. Collars are best cut with classic revers and not with the sort of shawl or roll collar favoured by Glen Miller.

Trousers are lightly pleated, high-waisted and always worn with braces. Cummerbunds are purely decorative and should be looped through a tab at the back of the trousers so that the two do not come adrift.

They were originally designed with a small pocket hidden in the pleats to house a fob watch or some snuff when waistcoats went out of fashion. I prefer cummerbunds and ties to be in black corded silk and would only choose purple or emerald for whacky braces or satin linings.

Nearly half of Moss Bros customers are brave enough to buy bow ties that they tie themselves; an adjustable tie could be tied for you in the shop but these cannot be worn with a wing-collared shirt. A good standard width for a tie is 2½ inches although Turnbull & Asser, with many American customers, stand by a good three inches. Avoid made-up ties – they always look like propellers.

Shirts are classier in a pure fibre, either silk or cotton, in white or cream. Once again simple is best; forget frills, the front could either be pleated or made out of marcella (a stiffish honeycomb cotton). Wing collars must be detachable as they cannot be starched successfully if they are not, but a plain collar is perfectly alright. Pocket handkerchiefs are perfect in white cotton.

Shoes can be surprisingly flashy – black patent with a flat gross-grain bow on the front can look good but if these are too foppish for you a plain black leather lace-up will look just as good. Velvet slippers are very chic, with or without monograms, but are best with a velvet smoking-jacket.

If it isn't a "black-tie" do what do you wear? Much will depend on your personality and what sort of "do" you expect it to be. For a dinner after a day out shooting in the country velvet smoking jackets (with black evening trousers and velvet slippers) are generally worn; these are usually double-breasted with frogging and the most popular colour is a dark forest green.

If this look is too fogeyish for you there are many alternatives. A young friend wore his dinner jacket and bow tie with a pair of studded black leather trousers to a trendy Paris party; it looked perfect.

If you do not attend many formal evenings it is a good idea to buy a plain black lightweight wool suit to wear with a white silk shirt and black bow tie, or with an exciting silk waistcoat.

Many younger designers are making classically cut single-breasted velvet suits which look very lush for London nights out. Richard James of 37a Savile Row, London W1, for example, has wonderful velvet jackets for £295, and matching trousers for £125. Frilly shirts are fun but should be worn without a tie and if you choose a brightly printed silk bow it is best not to team it with a matching cummerbund or waistcoat - too much fun all at once looks a bit frenetic.

Waistcoats which are not part of three-piece suits have made a comeback. They are often works of art and, if the fabric on the back is the same as the front, need not be hidden under a jacket.

With black tie, cuff links, dress studs and watches are the only acceptable jewellery. Antique gold oval cuff links are my favourite but they are rather expensive. However, there are lots of cheaper alternatives. Most shops sell coloured silk-knot cuff links and gold plate has become so sophisticated it is difficult to tell the difference from 18 carat.

WHERE TO SHOP:
Moss Bros, 27 King Street, WC2 (and 90 branches nationwide) has 1,000 dress suits to fit everyone from giants to jockeys. As it also sells a large number of designer evening suits off-the-peg it could be a useful place to choose what style and shape is best for you. Keep away from its own-make jacket at only £79. Those who can raise the £1,295, its most expensive suit (by Brioni, one of the best Italian ready-to-wear tailors) will get a very made-to-measure look for their money.

There is a lot to choose from in between. *Look out for* Jasper Conran, Zegna, Canali, Hugo Boss, and, for the more generous or "mature" figure, Chester Barrie (which sells all over the country as well as from its own shop in Savile Row).

Moss Bros also stocks a good range of shirts, including my favourite Pancaldi in cream silk at £249.

Harrods and Harvey Nichols in Knightsbridge both stock good selections of evening wear. Harrods has a good velvet smoking jacket in several colours for £195, a large selection of evening shirts including a cotton one of its own make. It looks classic when worn under a jacket but has a Rupert Bear print on the back.

Harvey Nichols stocks the best classic makes as well as Montana (a slightly sharper cut), Valentino, Adolfo Dominguez and Armani. Emporio Armani has a younger and cheaper range and has shops on Knightsbridge and in Long Acre, Covent Garden where a dinner jacket will cost about £450. Cerruti, who dressed Anthony Hopkins and Jeremy Irons for the Oscar awards, has an elegant line; its own shop is at 75 New Bond Street. English Eccentrics designs a good range of silk waistcoats.

Austin Reed, 103 Regent Street, although better known for business suits also sells tailored evening wear or it will hire out the complete kit, including shirt and tie. It would cost £33.40 to rent a single-breasted version for the weekend, and an extra £5 for double. Austin Reed has a good selection of Chester Barrie, Hugo Boss and Oscar Jacobson *and my eye was caught by* some jolly tartan wool waistcoats priced at £59.

At the cheaper end Debenhams *in Oxford Street (and lots* of branches nationwide) has its own make, IQ, and sells a DJ with satin lapels for £130. Turnbull & Asser at 70a Jermyn Street, London SW1 sells superb velvet smoking jackets at about £650 and Tuxedo suits for £900, both off-the-peg; there are ten different varieties of dress shirts to choose from and one of the best is in thick, cream tussore silk with French cuffs at £175.

New & Lingwood at 53, Jermyn Street has black patent pumps for £95 and Oxfords for £145, but across the road my favourite shoe shop, Trickers, sells similar classics for a little less. It also has an unusual black patent loafer with a silk tassel at £87.70 and will make tapestry slippers.

For interesting waistcoats, jackets and shirts try Favourbrook, 19-21 Piccadilly Arcade. There are waistcoats in every fabric from rich brocade to moire silk and to suit everybody from 90-year-olds to Royal pages. No more than four are made from the same design. Prices range from £70 to £350 for the most unusual one: appliquéd with pheasant feathers.

The original waistcoat king is Tom Gilbey, its Waistcoat Gallery is off Regent Street at 2 New Burlington Place, London W1. It boasts a selection of 1,001 different styles and fabrics and also sells through Liberty, Harrods and Harvey Nichols. A rather special one in paisley sari silk will cost £175.

Smart second-hand clothes were made acceptable by Hackett, 137 Sloane Street, London SW1, 117 *Harewood Road, SW6* and other branches. It now sells only new versions of the classic cut and all styles are £395 and good value.

Bertie Wooster, 284 Fulham Road, SW10 has taken on where Hackett left off. Second hand DJs are £95 but the quality varies, so you will need to check what you buy. The owner, George Cazenove, found a beautiful velvet smoking jacket which had originally cost £2,800 from Huntsman – He saved it for himself.

Finally, if you are wondering what to give a special chap this Christmas, a black cashmere top-coat would be splendid – it could be worn as easily with less formal suits as with evening wear. Aquascutum of 100 Regent Street, has the most exotic at £1,220 but Selfridges of Oxford Street, London W1 has a classic double-breasted version for £499 and a wool/cashmere mix for £225. At Malcolm Levene, 13-15 Chiltern Street, London W1 there is a double-breasted wool/cashmere mix coat at £328.

Far left, 1930s style traditional 3-piece dinner suit with satin faced lapels peak and pleated trousers all in a fine black 14 oz barathea. Black waistcoat, single-breasted with squared lapels, £299. Near left, a lightweight double-breasted dinner suit in 75 per cent wool/25 per cent polyester, with satin-faced peak lapels, £259. Both are available from most branches of Moss Bros.

Left, hand-printed burgundy and gold velvet waistcoat (£130) and green flowers on cream brocade velvet (£140). Both from Favourbrook.

Illustrations: Kim Dalziel

If you're still looking . . .

WELL, here we are, with less than two weeks to Christmas and you still haven't found anything for she who is nearest and dearest. Do not despair. So dire has the retail scene been this year that several of the most seductive small shops have reduced prices enormously. So, for those still looking, try these suggestions.

■ Oliver Sweeney's carpet slippers, strictly for lounge lizards, come in wonderful fabrics: dark black ottoman, black or cream background florals, or a brocade with an oval motif. Made-to-measure, they usually take four weeks; but at 4th Floor Hairdressers, 4 Northington Street, London WC1 (tel: 071-405-6011), there are several pairs at £125.

■ Lucienne Phillips, a retailer of legendary chic, has declared an unprecedented sale at her shop at 89 Knightsbridge, London SW1. Almost everything is reduced by between 50-75 per cent including much of Jean Muir's Studio Collection, which is half-price. This means that a wool crêpe short-sleeved dress and jacket in a gorgeous array of colours now sells for £220 instead of £550.

There are lots of Arabella Pollen's snappy jackets and pieces by designers such as Victor Edelstein, Tomasz Starzewski and Amanda Wakely as well as Harriet Anstruthers' beautiful, big, square silk scarves; Suzanne Katkhuda's ceramic jewellery; and some very glitzy little bags by Stephanie Wood.

■ Anything from Browns of 23-27 South Molton Street, London SW1, has cachet. At the cheaper end, there are Pierre Mantoux cotton tights in gorgeous colours at £15 a pair; Browns' own simple, crisp, white cotton shirts at £20; and jewellery from names such as Sonia Rykiel and Eric Beamon, which starts at £30.

Higher up the price bracket is a Donna Karan pure cotton body at £50. For £90, there are Gigli ruffled shirts in white, soft sage green and deep plums, while for £225 you could get a pair of Browns' own leather jeans.

■ Fenwick of Bond Street is always a wonderful source of inexpensive but bang up-to-the-minute accessories. Look out for leopard print scarves at £39.95; for hot pink, red or royal blue suede gloves at £14.95 a pair; or for a Moschino bag at £39.95.

Lucia van der Post

Take some festive tips from the chefs

Six of the best tell **Nicholas Lander** *the culinary secrets they have discovered in 1992*

From left: Taruschio, Hom, Wilson, Clarke, Koffmann and Hill

VARIOUS epithets have been heaped on professional chefs over the past few years but one of their most endearing qualities usually is ignored: as inspiring teachers to other chefs, interested amateurs and inquisitive customers.

Chefs learn from each other either at the table (they are, invariably, the first customers in any newly-opened restaurant), over a late-night beer or, increasingly, from travel abroad. Here, in time for the festive season, five of Britain's top restaurant chefs and one television chef pass on some of the culinary secrets they have learnt during 1992.

■ **FRANCO TARUSCHIO,** *chef/proprietor of the Walnut Tree Inn, Llandewi Skirrid, NP7 8AW, Wales. Tel: 0873-852-797.*

Lounging half-awake on a beach on the Marche Adriatic this summer, I overheard a group of women nearby. They had obviously come from different parts of Italy and were discussing meals they had enjoyed during their holiday.

I picked up first of all lasagne di Melanzane, using aubergines instead of pasta. Slices of aubergine are cooked on a griddle and layered with meat ragu, bechamel sauce and parmesan before being baked.

Then they moved on to pasticcio of polenta, layers of polenta layered with a sauce made from onions and milk. Fry finely-chopped onion gently in butter until golden. Season with salt, freshly-ground black pepper and a pinch of nutmeg. Add the milk and cook over a low heat for 30 minutes.

Place a thin layer of polenta in a gratin dish, then the onion sauce, then a layer of ricotta. Carry on layering, finishing with the onion sauce and a generous sprinkling of parmesan. Bake until the top is golden.

This dish – which I now offer vegetarians - was described by a lady fom the Valtellina area of Italy and was a revelation to me. We Italians tend to be very regional with our recipes.

The third recipe was for aubergines in carrozza. Bake a "sandwich" of two slices of aubergine, cooked on the griddle, filled with a slice of mozzarella and either a sliver or two of sun-dried tomatoes and a sprinkling of oregano or an anchovy and oregano.

Dip the "sandwiches" in egg and breadcrumbs and deep fry. This is a modern version of mozzarella in carrozza, replacing the bread with aubergines. Without the anchovies it is another dish for vegetarians - simple but delicious.

There might have been more recipes to be overheard. Unfortunately, I fell asleep.

■ **SALLY CLARKE,** *chef/proprietor of Clarke's, 124 Kensington Church Street, London W8 4BH. Tel: 071-221-9225.*

I began grilling food professionally 15 years ago in California. Now, this style of cooking in my restaurant attracts kitchen staff from some of the best restaurants in England. Yet, whatever their qualifications, their first day always begins with a discourse on grilling:

1. Get rid of all the debris on the grill with a stiff wire brush, making sure the bars are nice and smooth. Do not rub the bars with oil.
2. Light the grill well before required.
3. Run your hand 6-9 inches above the grill to discover the hot and warm spots.
4. Make sure the foods are of an even individual thickness. Meat generally is easier to grill if trimmed of bone and excess fat.
5. Damp or wet foods – big white fish such as cod or halibut – will stick. Use kitchen paper to remove excess water.
6. Foods lacking in natural oils – venison, fillet steak and some vegetables – must be marinated in a little oil a few seconds before grilling. Marinating oily fish such as red mullet or sardines will be disastrous.
7. Turn the food on the grill as little as possible. Unnecessary turning makes the food look messy.

Then, there is the final factor: how to hold the tongs correctly. Gently, not too firmly, and with a lot of tender, loving care.

■ **SHAUN HILL,** *chef, Gidleigh Park, Chagford Devon TQ13 8HH. Tel: 0647-432-367; fax 0647-432-574.*

The assimilation of ideas and techniques from other cooks and restaurants is permanent and ongoing, something almost sub-conscious. That is how we keep our minds fresh. After all, most cooks work with basically the same raw materials. Certain combinations of flavour and texture appeal, others do not.

A personal example is this. I have for years worked on a pasta dish flavoured with chicken livers, lemon, garlic and cheese. The combination can work perfectly, producing something which is balanced and neither too cloying nor too sharp. But getting the right balance can be difficult. Too much lemon, for instance, and the livers taste sour.

At a meal at L'Amphycles in Paris (tel: 40.68.01.01), I was served a scallops' starter topped with deep-fried lemon zest. Deep-fried zest sounds an absurd garnish, a needless frippery that gives *haute cuisine* a bad name. In fact, it was sensational.

The technique was drafted instantly into my own pasta dish. It was improved dramatically when, eventually, I worked out that the stuff needs to macerate in lemon juice for a few hours before frying.

(Actually, when I say "my" pasta dish, I should mention that the original idea came from an Elizabeth David recipe which also called for Parma ham. She evidently collected it from an Italian girl called Giovanna in a remote Tuscan village. Who knows where Giovanna got it from?)

■ **KEN HOM,** *writer and television cookery presenter.*

I have spent most of the past year directing my version of East-West cuisine in some of the best hotel restaurants around the world. What I have learnt ranges from how to deal with the sublime lemon grass to the more mundane potato.

First, from fellow chefs in Thailand, how best to extract the flavours of lemon grass, a herb that imparts to Thai and Vietnamese dishes a compelling, balm-like flavour. The trick is to crush the stalks and allow them to remain in the simmering broth or sauce for at least one hour. The stalks may not be edible but they are storehouses of flavour and fragrance.

From Serge Danserau, executive chef of the Regent in Sydney, I learnt a new technique for preparing lamb loin fillets, a favourite main course that works as well at home as in an hotel. His trick is to cook them in the oven at a very low temperature for three hours. Before serving, the loin is reheated quickly, sliced, and served piping hot.

With the lamb, a new potato recipe from Anthony Marshall at the Langham Hilton, London. Steam or bake jacket potatoes. Slice them and then, with a two-inch round cutter, press out pieces which you sauté to golden brown in goose fat, oil or clarified butter. Season as you sauté and, finally, drain them on kitchen paper to remove any excess fat.

■ **DAVID WILSON,** *chef/proprietor, Peat Inn, Cupar, Fife, Scotland KY15. Tel: 033-484-206; fax 033-484-530.*

What I have been trying to achieve in my cooking is lightness and natural flavours. The primary advantage is that the food tastes as it should, but it also ensures that my customers enjoy healthier eating. Saucing has become much lighter, and this can actually simplify things for the home cook provided they know what they are doing.

In fish, shellfish or vegetable cooking, try using a sauce made with good virgin olive oil, cut perhaps with a flavoured vinegar and/or fresh herbs. This should be served warm. Never boil the sauce.

Meat or game dishes, particularly slow-cooked stews or casseroles, should have a sauce made with nothing but stock (from the bones). Thickening can be done by liquidising a tablespoon or so of the vegetables cooked with the dish. There is no need to use flour or butter.

Desserts can also benefit from this. A sauce made with fruit juices – grapefruit, orange, passion fruit or a combination, perhaps with some finely-diced fruits through it – not only tastes wonderful but is so much lighter and healthier than creams or custards.

■ **PIERRE KOFFMANN,** *chef/proprietor, La Tante Claire, 68-9 Royal Hospital Road, London SW3 4HP. Tel: 071-352-6045.*

By nature I am conservative and, therefore, against new methods of cooking or preparing food because I feel it goes against my craftmanship. In 1963, when I was 15, I enrolled at *Le collège d'enseignement technique Reffye*, a catering college in Tarbes in the south-west of France, close to where I was born. For the past 30 years, I have been refining what I learnt there. Therefore, I prefer tradition to adventure.

The only novel way I cook fish is salmon fillets in goose fat. Heat the fat (enough to cover the fish) in a deep saucepan to 50°C (no hotter or the salmon will dry out). Cook the fillets in the fat for 7-10 minutes (depending on their thickness). The salmon is ready when you can pierce it with a needle without any resistance.

But when I say that this method is novel, I must add that I got it from my grandmother, who made the goose fat herself on her farm in Gascony, and used salmon caught in the river nearby.

FOOD AND DRINK

What to take to your igloo

Jancis Robinson's Christmas tips for tipplers

SINCE LAST year's annual report on the state of the mass wine market, a tidal wave of cheap South African varietals has washed over the shelves of our supermarkets and off-licence chains. They are all £2.99, white (only 15 per cent of Cape wine is red) and competently made. Colombar(d), the armagnac grape that brought us Vin de Pays des Côtes de Gascogne, is usually the liveliest of the range, perhaps because of its high natural acidity.

We have also been swamped by own-labels from the rest of the winemaking southern hemisphere – most using some combination of the words Creek, Gully and Brook, often with a bird's or Aboriginal name, and an awful lot from Penfolds, the Australian company now involved with Santa Rita of Chile. Chilean wine is getting better; Montes makes dependably sophisticated reds.

Australia continues to dominate the wine glasses of the middle classes and the main development this year has been the rash of delicious whites, mostly at either £2.99 or £3.99, made covertly from Riesling but presented so as to disguise the fact. So the grape that is arguably the world's greatest has to put on an overcoat marked dry white Semillon before it is allowed to saunter into the crowd. I am putting my money into white burgundy bottles, used increasingly to make non-Chardonnays look more Chardonnay-like.

Not content with filching the still wine market, the Australians have been making significant inroads with their inexpensive fizz. Yalumba, Angas, Seppelt and Green Point all *have their devotees.*

Elsewhere, Eastern Europe is a treasure trove of bargains, and Iberia keeps surprising us at the bottom end, with the likes of red Leziria from the Alentejo and La Mancha white. There are some horribly over-oakchipped blends about.

The real bargains of this Christmas are the better quality sherries, often sold in half bottles, all at absurdly low prices for such historic wines.

Here is the first half of my alphabetical end-of-term report on the major supermarkets and chains, with dry whites followed by reds, sweet whites, fizz and fortified wines with star ratings for effort.

Asda*

A great deal of effort has been expended by the buying team here, but not always to brilliant effect.

Danie de Wet Rhine Riesling 1991, £3.99. Well-balanced South African attempt at an Auslese, although if the Ger*mans can't sell them*...

Asda Léon 1986, £2.99. Good concentration of colour, fruit and American oak. Lively Spanish red.

Tokaji Aszu 1981 3 puttonyos, £6.99, 50cl. Very special sweet wine, fiery and exciting tawny with a sabre slice of acidity. Knocks spots off all these modern varietals Hungary now sends us.

Augustus Barnett**

There is now evidence of real enthusiasm among the buyers for the Bass retail chain. An especially good choice in the £2.99 to £3.99 range.

Cortese del Piemonte 1991, £2.99. Much smarter package and flavour (pears) in this dry white Italian than the price suggests.

Vina Alaiz Blanco 1991, £2.99. Fruity dry white from Navarre.

Viognier 1991 Père Anselme, **£4.49.** One of the better Languedoc answers to Condrieu. Full-bodied yet crisp.

Gewürztraminer Spätlese Friedelsheimer Kreuz 1991, £4.99. Very trendy off dry German, complete with splodgy label. Their enterprise in finding this, and his red Cabernet, deserves the reward of sales.

Castillo de Montoro 1990, £2.89. Good oaky Spanish red, infinitely more concentration and fruit than the ubiquitous and pallid Don Darias.

Ch La Montade Bergerac 1990, £3.79. Well-balanced, utterly respectable claret, even if made slightly outside the usual area.

Ch Tronçin-Capdevila 1990, £3.49. Elegant red. More evidence of the usefulness of Cabardès.

Ch Ormières Minervois 1990, £3.49. Lovely expression of Minervois suavity from top property Ch Fabas.

La Cetto Petite Sirah 1988, £3.99. Powerful, full-blooded, long, well balanced, and *Mexican.* Another example of the wine world's elastic frontiers.

Majestic***

Some good and interesting new Italians at this warehouse chain and some exclusive offerings.

Mauzac 1990 Delmas, £3.99. A high proportion of the Chardonnay grown in the Blanquette de Limoux area is made into still wine. Here is a well-made, still version of the main Blanquette grape which is admirably ripe yet given bite by its its characteristic appleskin finish.

Domaine Foulatière 1991 Coteaux du Languedoc, £3.59. Excellent depth in this minimally-labelled Syrah-rich southern French red.

Montepulciano d'Abruzzo, Colli del Moro 1990, £4.99. Distinctly superior barrique-aged Montepulciano. Drink now.

Ch Méaume 1989, £4.99. Englishman's claret and one of the best vintages to date. Useful superior house red for the Christmas season.

San Crispino Sangiovese di Romagna 1988, £5.99. Distinctly superior, concentrated Sangiovese that has picked up some dried grape flavour from the previous lodger in the French oak barrels in which it spent a couple of years.

Montes Alpha 1988, £7.99. Chilean answer to classed-growth bordeaux – which managed to wrest a silver medal in the Bordeaux lion's den at Vinexpo last year. Decant and amaze.

Réserve du Général 1989, £12.95. Ch Palmer's second wine from a forward vintage. Great manners.

Ch de Rolland 1990 Barsac, £7.69 a half. Serious sauternes from an ultra-ripe vintage. To be drunk now or in five years.

Shadow Creek 1983, £5.99. A parcel of well-aged California fizz, an offcut from Domaine Chandon which has gained admirably toasty character *from its, presumably, unforeseen,* bottle age. A seriously good buy, but a one off.

Gateway*

Good for very cheap bottles.

Leziria, £1.99. Gateway has the best price (a promotional one) on this juicy Portuguese red.

Chevalier Blanc de Blancs, £1.99. Creditably fruity dry white made from Spanish La Mancha fruit and bottled on a line more used to the local Rosé d'Anjou. The EC at work.

Marks & Spencer**

Range is more conservative than ever nowadays, although there are some bright spots, notably on white burgundies.

Cocoparra Sauvignon Blanc 1992, £3.49. From Australia's irrigated interior, a fresh, lively white from which every ounce of Sauvignon flavour has been extracted.

Jeunes Vignes, £4.49. A paler shade of Chablis. Light but very true.

Mâcon Villages, 1991, £4.99. Perfectly respectable, lively southern white burgundy from Antonin Rodet.

Chablis 1990, £6.99. M&S has been dealing with the Chablisienne co-op for so long that it gets some of the best vats.

Ch Le Mounan 1990, £3.99. Even the *M & S wine buyer* is startled by how good this claret tastes at the moment. Concentrated and lively.

Rasteau 1990 Côte-du-Rhône Villages, £4.99. Absolutely fabulous, this offering from the dynamic Chapoutier brothers. I would happily pay £2 more a bottle for such traditionally made, low yield concentration. It should ideally be drunk from 1994 but is already enjoyable if you appreciate sincerity.

Bourgogne Epineuil 1989, £5.49. Light, true red burgundy from the far northern vineyards around Chablis. Good with white meat.

Moscatel de Valencia 1991, £3.79. Much lighter and crisper than the cheaper, Sainsbury's version. Still good value.

M&S Champagne, £9.99 One of the better cheap champagnes around.

Oddbins****

The wine lover's favourite chain has refurbished its old Farringdon Street branch in London EC1 as a "fane wane" store, except that Oddbins' definition of fine wine is predictably unpredictable. Current extra-special bargain areas include crus classés 1990 red bordeaux available by the bottle, vintage port at laughable prices, specially bottled vintage malt whiskies and some giveaway young burgundies from Jaffelin, recently sold by Drouhin to Boisset. We won't see Corton Charlemagne at £19.99 again.

Eden Ridge Dry White 1992, £3.99. Organic, lively Australian made mainly from Riesling, with some Sauvignon aroma and an interesting hotchpotch of old vine varieties. Buy now before the price rises.

Cosme Palacio Blanco 1990, £4.69. Golden, oaky, full-bodied, traditionally styled white rioja with a French accent.

Leasingham Domaine Clare Chardonnay 1991, £4.99. Lively, subtle, lots of unAustralian characteristics except that it is still a bargain.

De Bortoli Yarra Chardonnay 1991, £6.99. Made by exuberant winemakers from restrained, cool climate fruit. An impressive combination.

Haardter Herrenletten Riesling Spätlese 1990 Müller-Catoir, £7.99. More silly prices from one of Germany's geniuses. Both fruit and place *explode from this particular* bottle of medium dry white but no Müller-Catoir should disappoint and the Halbtrockens are great with food.

The Monterey Vineyard Pinot Noir, £2.99. For bargain hunters rather than connoisseurs, this is California at eastern European prices. Earthy or dirty, depending on your taste, but that's Pinot for you.

Baileys Shiraz 1990, £4.99. Same old toyshop label and still rich and concentrated, but softer and more Italianate (Dolcetto-like?) than of old. Good value.

Le Paysan, £5.49. Nothing at all peasantlike about this alternative to mature cru bourgeois claret from the Côtes du Frontonnais near Toulouse which, Oddbins ambitiously claims on the label, "is about as fashionable as flared trousers".

Vino da Tavola! £6.99. Very Supertuscan wine, very Steadman label, very Oddbins price.

Wirra Wirra The Angelus 1990, £7.49. Ultra suave claret from South Australia.

Jaffelin 1990 red and 1991 white burgundies. The Monthélie 1990 at £9.49 is probably the best buy. Ambitiously fruity red burgundy built for the long term. For drinking, preferably with something more powerful than a turkey, or keeping. The Chambolle-Musigny 1990, £13.99, oddly, is *probably readier. And the* white Chassagne-Montrachet, Vergers 1991, £11.99, would add glamour to any table this Christmas.

1990 bordeaux, red and sweet white. These bottles have to be ordered but should take no more than a week to reach your local branch. Take advantage of the fact that you can buy by the single bottle rather than committing yourself to a dozen bottles. Good buys include the alluring **Beau-Site £6.99,** silky **La Tour de Mons £8.99,** oaky **Poujeaux £8.99,** precocious **Lafon-Rochet £9.49,** plump **Ormes de Pez £9.99,** bargain **Léoville-Barton £13.49,** gorgeous **Pichon-Baron £19.49** and hedonistic **Conseillante at £29.99.**

These reds are designed to be kept but are still at the beguiling baby stage so could easily be served this Christmas. Ditto the delicious 1990 sauternes: **Maynes des Carmes £5.99 a half** and, well worth the extra, **de Malle £7.99 a half.**

Vintage port Quinta do Noval 1982, £9.99, Graham 1983 £13.99, Warre 1980 £14.99. A clutch of bargain ports to drink.

NEXT WEEK: *Safeway, Sainsbury's, Tesco, Thresher/Wine Rack/Bottoms Up, Victoria Wine and Waitrose.*

ARTS/CHRISTMAS ENTERTAINMENT

As the festive season looms our critics suggest some ways to tear the sated family away from the television

Come to the Ball

BALLET, alone among the arts, moves into the major key at Christmas. This month sees the centenary of *The Nutcracker*. Too bad the UK does not have a great staging of this (potentially) marvellous ballet. Those who need a fix of Tchaikovsky's classic score this Christmas may attend English National Ballet's month of *Nutcrackers* at the Festival Hall (December 21-January 16) or Birmingham Royal Ballet's three-week season at the Birmingham Hippodrome (until December 19). Better than either, however, is Matthew Bourne's impish and refreshing version for Adventures in Motion Pictures, staged (as in 1892) in

Alastair Macaulay on holiday ballet, music and opera

a double-bill with Tchaikovsky's *Yolanta* and presented by Opera North at the Grand Theatre, Leeds. (18-22 December and 20-30 January).

Frederick Ashton's ballet *Tales of Beatrix Potter*, newly adapted for the stage from the 1971 film, is Covent Garden's main Christmas offering this year, in a double bill with his classic 1964 Shakespearian one-acter, *The Dream*. Despite frosty reviews, it is currently delighting not only children but numerous adults. Only a few £50 seats remain, but seats upstairs are the best place to catch the most enchantingly choreographed tale of all – the Two Naughty Mice. The three-act *Cinderella* is yet another Ashton ballet (1948) that works as seasonal fun and brilliant choreography. The current staging, though flawed, is basically commendable and often enthralling (December 23-Febrary 3).

Something in Ashton's spirit had an instinct for Christmas. London City Ballet, during its four-week season at Sadler's Wells, is presenting his 1937 Victorian-skaters-in-winter masterpiece, *Les Patineurs* – one of the most perfect ballets ever made – in a triple bill (December 14-16, 21-23). Balanchine's brilliant 1960 *Donizetti Variations*, scarcely known in Europe, is also to be seen on the December 14-16 bill. Other performances are of Ben Stevenson's *Romeo and Juliet*.

The Messiah crops up all over the place at this time of year. For example: St Mary's, Bryanston Square (Dec 12, Geoffrey Hanson conducting the London Ripieno Singers); Royal Festival Hall (December 14-15, Franz Welser-Möst conducting the LPO, Felicity Lott and others); Barbican (December 14, Jane Glover conducting the RPO and Huddersfield Choral Society); Westminster Central Hall (December 15, organised by soprano Eiddwen Harrhy in aid of the homeless); St John's, Smith Square (December 16 and 17, by candlelight, John Lubbock conducting the St John's Orchestra and London Philharmonic Choir); and many more.

The performances at St John's, Smith Square, performances are part of a season of Yuletide choral music there (December 13-23). Repertory includes Mediaeval, Renaissance, Bohemian and Polish; also Britten's *St Nicholas* (December 15). A highlight should be The Sixteen's performance, over two nights, of Bach's *Christmas Oratorio* (Parts 1-3, Tuesday 22; Parts 4-6, December 23).

The most obviously Christmas opera this year is *Hansel and Gretel*, although one may pause before bringing the kids along to David Pountney's masterful and provocative staging. Few critics have kind words for Ken Russell's version of *Princess Ida* (also Coliseum, until January 21); as with last year's seasonal staging of *Fledermaus*, you go to it for the sake of either argument or mindless frivolity. In contrast, running from December 16 until January 23, is Pountney's new staging of Janáček's *The Adventures of Mr Brouček*. Hopes are high for Covent Garden's new production of Handel's *Alcina* (December 22-29, January 15-23), particularly on vocal grounds; the cast includes Yvonne Kenny, Ann Murray, Kathleen Kuhlmann and Anthony Rolfe Johnson.

Alastair Muir

One of the mice in 'Tales of Beatrix Potter' at Covent Garden

Singing (most of the time)

***Malcolm Rutherford** recommends a few London shows guaranteed to cheer you up*

THERE are no pantomimes in mainstream London this year. However, there is a relatively recent crop of shows in the West End which are guaranteed to cheer you up.

Start with a musical. *Annie Get Your Gun* at the Prince of Wales Theatre contains more favourite songs than you would believe possible in a single show. "My Defences are Down," "Anything You Can Do," "Falling in Love is Wonderful" and the ultimate show-stopper "There's No Business Like Show Business" are all there. The total is 17. Moreover, there is a wonderfully dynamic Annie in Kim Criswell. Watch the way she sets the tone with "You Can't Get a Man with a Gun": in the end, she doesn't.

Yet if you persist in believing that *Annie* is old hat, try Stephen Sondheim's *Assassins* at the Donmar Warehouse. On the face of it, nothing could be more bizarre than a musical grouping the assassins, would-be and real, of American Presidents. But it works. The jolliest song of the lot, "I'm Going to the Lordy", comes from Charles Guiteau, assassin of President Garfield, as he climbs to the scaffold. Better known assassins are there as well, and the restyled Donmar near Covent Garden is a very cheerful place.

Music behind you, switch to *Travels With My Aunt* at Wyndham's. Possibly you need to have read Graham Greene's novel fully to appreciate it. If you have, you will love it, though it should stand up even if you have not. The wonder in Giles Havergal's adaptation is that practically every line comes directly from Greene's dialogue. The entire cast is played by four men, including John Wells and Simon Cadell. It is the most pleasantly amusing show in London.

You can also rise to farce. The old master, Ray Cooney, has bought the Playhouse Theatre, writes for it, acts in it and directs it as well. His new piece, *It Runs in the Family* is also topical – about funding a London teaching hospital. Never look down on this style of writing or acting. Cooney himself is a delight.

Still, if you want comedy on a higher plain, there is Noel Cowrd's *Hay Fever* at the Albery Theatre. You may think that you know it by heart, and some of the lines and situations you probably do, but there is always something to rediscover. In this production there is Maria Aitken as Judith Bliss, splendid in hats, wellington boots or indeed whatever she wears. Ms Aitken can be marvellously petulant. The direction by Alan Strachan gives unusual scope to the unfortunate visitors to the Bliss household: Sara Crowe, who made her name in Coward's *Private Lives* a couple of years ago, as the flapper, and Christopher Godwin as the diplomatist out of his depth.

For sophisticated writing of a more modern kind, try *Three Birds Alighting on a Field* by Timberlake Wertenbaker at the Royal Court Theatre. Although there will be no performances during Christmas week, the play's run has been extended until January 9. About the price and value of art, and the fashions in the market, it is one of the wittiest new English plays to have emerged in the last year or two. It has a splendid opening from the auctioneer's stand and an outstanding performance by Harriet Walter, the girl from Benenden who marries a Greek millionaire and finally achieves self-confidence. Such elegance is not always associated with the Court: you should see it while it lasts.

In the same vein you should catch *Me and My Girl* at the Adelphi Theatre, for after a run of seven years it is coming to an end on January 16. For innocent enjoyment the show that contains "The Lambeth Walk" can scarcely be beaten. The walk is infectious.

There are or course other shows worth seeing. The new *Carousel* at the National Theatre is reviewed in today's paper. There is a new *Cyrano* at the Haymarket next week as well as a new *Hamlet* with Kenneth Branagh at the Barbican. The common thread of those listed above, however, is that you are almost bound to leave the theatre more cheerful than when you went in. From some you will come out singing.

Alastair Muir

John Diedrich and Kim Criswell in 'Annie Get Your Gun' at the Prince of Wales theatre

Oh yes you can!

***Antony Thorncroft** tracks down some pantos*

EVERYONE can breath a sigh of relief this Christmas since once again there is no major West End panto. Recent efforts have been under rehearsed, woefully scripted vehicles for declining stars. But anyone whose perfect family Christmas includes Boxing Day at the panto need travel no further than Richmond, where the usually reliable Derek Griffiths is masterminding *Snow White*; or Stratford East, where the laid back atmosphere should ensure a happy (and politically correct) *Aladdin*; or Bromley where the Churchill has the not so politically correct Jimmy Tarbuck as Idle Jack in *Dick Whittington*.

But if panto is out of fashion there is no shortage of alternative Christmas shows. The Shaw is mounting *Pinocchio*; Paul Nicholas will be tightrope walking, juggling and trapezing his way through *Barnum* at the Dominion from Monday; and the *Snow Queen* has settled at the Young Vic.

And one old stalwart has been re-vamped in time for Christmas. Unlike British Rail, *Starlight Express* (approaching its ninth year at the Victoria Apollo) has received a complete modernisation. This musical fantasy about a train set that comes alive at night is, if anything, more baffling than ever. On one track it offers the latest in hi tech wizardry, as the cast roller-skate around the theatre like Nintendo graphics. On another it celebrates old fashioned virtues, steam power over diesel and electric, modest worth over flash competitiveness. There is even a mystical element which makes it the ideal Christmas treat.

Producer Trevor Nunn has given it a thorough going over, and composer Andrew Lloyd Webber has written five new songs. The result is a softer show. Instead of the threatening Thatcherite Controller guiding the action we have a little boy's dream come true. Two of the new numbers are romantic ballads, one of which, "Next time you fall in love", should become a cabaret standard.

But while the mood is mellow, the all dancing, all singing, skaters seem more energised, showing off some very fancy somersaults. The cast, held together by Lon Satton as the aged steam loco, are still tentative about the new story line but the special effects are faster, the music so revitalised that it embraces Sir Andrew's first Rap number, and the audience of children and foreign tourists remained reverentially delighted.

Since Charles Dickens virtually invented our modern, or rather our pre-television, Christmas he would be delighted if, as the Ghost of Christmas Past, he popped into Ron Pember's adaptation of *A Christmas Carol* at the Mermaid. This manages to broaden the story slightly to provide some cheap guffaws for the kids, and to add a sprinkling of musical numbers for cheery ensemble choruses, while staying honourably true to the original. And what a fine story it is, perhaps best suited for jaded Thatcherites but with enough creepy moments and sentimental gushings to keep the whole family happy.

Douglas Fielding is not quite nasty enough as Scrooge (there is the touch of a Doctor Who about him) but a matinée audience of school children was impressively gripped as the company rollocked through Vanessa Ford's direction.

Of course there is one traditional panto in the heart of London. *Whittington Junior and his Sensational Cat* could not be more traditional or more central. The script is cobbled together from a Victorian original, all rhyming couplets and cringe making puns, and it is performed at the Players' Theatre under the arches at Charing Cross, the epicentre of the capital.

This annual Players' panto is a good idea which sometimes scores, sometimes horribly misses. This year it is a good one. An attractive cast battle through the good natured nonsense, held together by Amanda Bairstow's chipper Dick and Nigel Williams monumental Emperor of Morocco. There is something puritanical about the Players, despite its *raison d'être* as the home of vulgar old music hall, and the dick jokes, essential for an enjoyable *Whittington*, are raced over. Ms Bairstow also lets the side down by wearing shorts rather than long legs.

The music has been down graded to drawing room ballads: I missed the skits on Verdi, Donizetti and Rossini which in past years have been memorably sung. But this is still a cheerful, off beat, panto, offering un-demanding fun.

Seasonal celluloid offerings

IN RECENT years the Yuletide film release pattern in Britain seems to have been designed by E. Scrooge. Little for kiddies and not much more for grown-ups: unless they like oddly-timed horror films like last Christmas's *The People Under The Stairs*.

That was all about children being starved and imprisoned under the floorboards: very seasonal. But this year *Home Alone 2* comes to town, an altogether more children-friendly proposition as young Macauley Culkin mislays his parents yet again, this time in New York, and fends off the same pair of wacky burglars (Joe Pesci, Daniel Stern).

Sir Richard Attenborough's *Chaplin* promises us another of his portraits of small but messianic heroes of the 20th century, to match the director's earlier *Gandhi*. America's Robert Downey Jr plays our Charlie with rumoured panache and a guaranteed British accent. And before Christmas children of all ages will be able to see *The Muppet Christmas Carol*, in which Kermit and Miss Piggy, too long absent from our screens, give Dickens a seasonal going-over.

For grown-ups there are Kevin Costner's new film *The Bodyguard* and Tom Cruise and Jack Nicholson offering power-casting in the ex-Broadway courtroom drama *A Few Good Men*. The first I still await; the second woos the box office with a cunning blend of boy-scout heroics – Cruise as a young Navy lawyer defending two murder-accused Marines – and pyrotechnic acting from Nicholson.

None of the other major US Christmas releases, like Coppola's *Dracula* and Disney's *Aladdin*, are set to open in the UK before the New Year. But never mind. There are still autumn holdovers worth catching. If you were too busy in recent months watching the real-life dramas all around us, you may now make up for lost time.

Most festive of all is *Beauty And The Beast*, Disney's 30th animated feature and as visually dazzling as any since the first (*Snow White*). And some children might enjoy the tinselled absurdism of *Strictly Ballroom*, a fleet-footed Australian comedy which my predecessor on this paper, David Robinson, included in his recent all-time Ten Best Films list for Sight And Sound.

That is going it a bit. But Orson Welles's *Othello*, Woody Allen's *Husbands And Wives* and Clint Eastwood's *Unforgiven*, all still viewable, would be worthy company in any pantheon. Welles turns the moor's tragedy into a Shakespearean *Ivan The Terrible*: white-hot compositions and bold, hieratic performances. Allen's film is a bitter-hilarious picture of self-destruct relationships. You have to go back to *Annie Hall* and *Manhattan* for an Allen in livelier form. And *Unforgiven*, a haunting tale of rough justice in the Old West (where Eastwood himself looks as old and monumental as the landscapes), is the best Western of recent times.

Less demanding picture-hunters may settle for one of the gimmick-strewn entertainment machines trundling across the Atlantic. *Sneakers*, starring Robert Redford, is a merry tale of computer hackers hacking into the political big time. And *Death Becomes Her* has Meryl Streep and Goldie Hawn being picturesquely attacked by special effects and resembling Henry Moore sculptures.

As for British film-makers, two have work now on display, though only one of their films is British. Kenneth Branagh's *Peter's Friends* trips the bright fantastic through a Chekhovian script with a cast of young TV comics (Stephen Fry, Tony Slattery, Hugh Laurie) learning to play straight. And Ridley Scott's *Blade Runner: The Director's Cut* shows that you do not have to be an American to create the definitive vision of urban America in the next millennium. See, marvel and come out humming the sets.

Nigel Andrews

Beware of food book show-offs

***Philippa Davenport** selects the culinary gloss from the dross among this year's titles*

IN THE extravagant 1980s I lamented the trend for show-off cookbooks: oversized, over-illustrated and overpriced – featherweight material in heavy-weight guise. Alas, the flood of ghastly volumes continues in the *so-called caring 1990s*.

Probably the worst this year is *The Tiffany Gourmet Cookbook* (Doubleday £30). It is pure advertorial with menus for entertaining supplied by "names", photographed in their properties, every one of them awash with Tiffany merchandise. Soft sell for the soft in the head.

Recipes are relegated to the back of the book, hidden behind the green baize door so to speak, and useless to British cooks anyway. The first – and last – I turned to called for 12 doves, cleaned, one-third of a stick of butter and a large Dutch oven.

From the ridiculous to the sublime, the first book I would choose to buy or give as a present this Christmas is Maggie Black's *Medieval Cookbook* (British Museum Press, £14.99). Sumptuous and richly informative with recipes that work if you care to cook them, this is a model of how historical cookery books should be done.

Christina Hardyment dips into more recent history in Home Comfort (Viking, £18.99). Her quest to establish exactly how our ancestors kept themselves clean, warm and well-fed explores kitchens, laundries, bakehouses, brewhouses, dairies, larders, stillrooms, dovecotes, fishponds and so on, tracing their histories and examining the ways they were managed and run.

The background that this quiet sleuthing brings ("domestic archaeology" as the author calls it), makes visiting stately homes all the more rewarding. This book does not need colour illustrations and it has not got them. It is altogether a pleasing and unpretentious history of domestic arrangements.

A nice little item I do not expect to find in the best seller list, is the book of the octopus, entitled *8 x 8 = 8* by Haris and Alexander Kalligas. It is quirky and delightful, just the thing for an erudite stocking filler. It costs £8.50 and can be obtained from Alsos Books, 14 Ashbridge Street, London NW8 8DM. Tel: 071-724-6774. Fax: 071-724-5294.

> *'Alas, the flood of ghastly tomes continues'*

Foreign cuisines continue to form a major part of many cookery lists. Italy is still the most popular country, but Spain is the new contender with champion supporters in Jose Maria Sevilla – about whose book and television series, *Spain on a Plate*, (BBC Books £14.95) I wrote earlier this year – and Pepita Aris.

The Spanishwoman's Kitchen (Cassell, £16.99) is the second in a series celebrating the relationship between food and landscape – *The Frenchwoman's Kitchen* by Brigitte Tilleray came first. The idea is that the author journeys through a country meeting the local women, eating and cooking with them, to take the true pulse of the regions.

Aris is more painstaking than Tilleray, less fun in a way, but every bit as rewarding, if not more so. Aris's writing (and she writes at length) is vivid, but not purple, though she has an endearing weakness for exclamation marks. The recipes are detailed and easy to follow. This is a book to read now and take with you on self-catering holidays in Spain.

Yan-kit So's *Classic Food of China* (Macmillan, £25) will, surely, become a classic itself and prove as successful as her first, prizewinning, book. I admire it but do not warm to it, alas. I recognise that this is my fault, not hers, but I seem quite unable to get to grips with cuisines rooted in a culture so different from the European one. Cooks less hidebound than me will rejoice.

Our own islands feature strongly this year. *In an Irish Country Kitchen* by Clare Connery (Weidenfeld and Nicholson, £18.99) is not a book that sings with joy or bubbles with the personality of its author. The pictures are nostalgically pretty, the prose is plain, the information conscientious and carefully researched. This makes it sound dull, which it is not, but it is perhaps a little more staid than one would wish. The recipes are by the nature of the book not new but they are a sound collection and many of them are very appetising. This is an honourable record of traditional Irish cookery and successfully fills a gap in my kitchen library.

From Pepita Aris's "A Spanishwoman's Kitchen"

Delicious Home Cooking by Caroline Conran (Marks & Spencer, £14.99) is altogether more sparky. This is a recipe book full of familiar things (together with some less familiar things). Often Conran gives her own personal twists, but discreetly, so that the original character of the classic dishes is not spoiled. This is the sort of food I like most – to cook and to eat – and I shall use this book greedily. Pity about the large format and lavish photography. They may boost sales but...

Colin Spencer is a staunch torchbearer for vegetarianism and against factory farming. *Vegetable Pleasures* (Fourth Estate, £9.99) is a selection of pieces written for his column in *The Guardian* during the past 12 years. Not being a reader of that newspaper, it is all new to me and I much enjoyed his outspoken, opinionated, often controversial and hilarious outpourings. I approve hugely of the fact that this book is a paperback original: a good read, good recipes and good value.

But the most exciting recipes come in books from two young writers. First Annie Bell's dazzling *Feast of Flavours* (Bantam, £14.99) to which I devoted a column when it was published early in the year. It continues to enthrall. She is a truly original cook.

Then there is Nigel Slater. He is not in the same class as Annie Bell but he has a strong feel for bright, breezy, contemporary, cosmopolitain style. High quality fresh ingredients are important to him and he is wisely wary of doing too much to them. *The Marie Claire Cookbook* (Hamlyn, £16.99) is a compilation of Slater's work for that magazine, with recipes spelled out in full and larger than life close-up photographs of the food, red hot from the oven or sizzling in the pan.

Real Fast Food (Michael Joseph, £14.99) on the other hand, as the title implies, keeps a close eye on the clock and is suitably telegraphic. Snacks and supper dishes outnumber dinner party offerings. The pages are packed with recipe ideas rather than recipes proper, many of them not only very enticing in their own right but first rate for triggering ideas of one's own. This doubles the appeal, I reckon. Neither Slater's writing nor his cooking is laboured. There is liveliness, freshness and intelligence in all that he does.

The Tenth Muse by Harry Luke (Rubicon Press, £12.95), first published in 1954 and revised and reprinted this year, is a delightful book and one that does not really fit into any particular category. Luke was a scholar, a keen traveller and a gourmet with an adventurous appetite. He was also a charming and witty man. This book is a potpourri of recipes and notes collected in the course of eating his way round the globe.

Apart from the enormously varied recipes, there are some marvellous quotes, including a report from *The Times* in 1935 describing a royal dinner of roast cygnets. My favourite, in a final chapter on culinary don'ts, advises against cooking the sort of dinner which one of the guests, when asked how he had fared, described as follows: "If the soup had been as hot as the claret, the claret as old as the bird, and the bird had had the breast of the parlourmaid, it would have been a damned good dinner".

Wonderful whisky – and cheese tasting of old tyres

*You can eat and drink well in Orkney, says **Giles MacDonogh**, but you have to know where to look*

ORKNEY has been in the news a lot this year, and for all the wrong reasons. If you can bear the caprices of the weather it can be a pretty good place. During the day at least, Kirkwall buzzes and St Magnus has a surprisingly magnificent, red sandstone, romanesque cathedral. If you prefer something older, there is the eery Neolithic tomb at Maes Brae or the prehistoric village at Skara Brae on the west coast.

Nor is Orkney to be sneezed at for its food and drink. Meat is good here. As the old saying goes the Orcadians were farmers with boats while the Shetlanders were fishermen with crofts.

There is delicious lamb from South Ronaldsay (though not quite the equal of Shetland lamb – possibly the best in the British Isles) and excellent beef. Much of the cheese is disappointing – as one Orcadian told me: "Orcadians like a good squeaky cheese." By "squeaky cheese" they mean Dunlop. Nine times out of ten I would prefer to chew the homonymous tyre than a Dunlop cheese. Fortunately for the islanders Mrs Hilda Seator (tel: 0856-76318) makes a simple, lightly pressed curd cheese from raw milk on her farm at Grimbister in Firth. The cheese is sold in its natural state or flavoured with chives, garlic or walnuts. It is best from May to October.

On the site of the old airfield in Kirkwall, Bill Jolly and his sister, Liz Johnson, run a smokehouse which uses a traditional cure and kiln (tel: 085687- 2417.)

Orkney also possesses a good restaurant; the most northerly to receive a full entry in this year's *Good Food Guide*. The Creel (tel: 085683-311) is in St Margaret's Hope on South Ronaldsay. It is approached by crossing one of the "Churchill Barriers" constructed by Italian POWs during the war to keep marauding German U-boats out of Scapa. In their spare time the Italians built the charming Roman Catholic chapel on Lamb Holm. At The Creel Alan Craigie produces a remarkably *soignée* menu *using the best of the islands'* produce. The evening I dined there we had an exquisite fish soup and some rather underhung teal. One of Caraigie's specialities is the "bere bannocks" he makes from Orkney "bere" barley. *He needs to pay* a little more attention to his wine list. The restaurant opens only on Friday and Saturday from November to March. There are rooms.

If all this were not enough, *Orkney has the Raven Brewery* making real ales and two distilleries: Allied's Scapa and Matthew Gloag's Highland Park. Scapa's production is minute and mostly used for blending, though Gordon & Macphail bottled a 1979 (£20.59 from Augustus Barnett) which has a light, creamy style.

Bottles of Scapa tend to lurk round the back of the fruit cordials in Orkney pubs, while the rival Highland Park rides high *on the optics. The whisky has* a distinct, "island" character largely as a result of the heavy peating of the malt produced from the distillery's *own* kilns. Unlike most of the other Scottish distilleries, which still kiln a part of their malt requirements, Highland Park uses manual labour to turn the damp barley. It is notoriously backbreaking work and after days at work with a spade the workers get a particular form of cramp called "malt monkey." I took a turn with the spade and decided it was not for me. It was more pleasant to stand with the malt in the kiln – until I came out smelling like a kipper. Highland Park kilns about 20 per cent of its malt and that part represents the only malt to lend its smokey "phenolic" character to the whisky. The rest of the malt comes in from the mainland. Having so much barley lying around makes the distillery prey to rodents. Highland Park fights them off with three cats called Peat, Malt and Barley.

At Laphroaig on the island of Islay they claim the job is done by a family of stoats.

Highland Park's stills are rather squat. The distillery manager, Jim Robertson, caught me giving them the once over: "...and we haven't got the lightest and blandest whisky either," he quipped. The whisky is run off at a comparatively low alcoholic degree, giving a richer, more "phenolic" character. A certain amount of sherry wood houses the young spirit to round it off with some fruit notes.

Highland Park's bread and butter is the 12-year-old (£19.99 from Oddbins) a superbly balanced malt with just a hint of peat behind the heathery nose.

For around £80 a bottle, Highland Park releases a small amount of 1967 – retailed through specialists only. It has a far heavier peat character, a touch of seaweed overlaying the crystallised fruit and heather, and excellent proof against the vagaries of the Orkney weather.

RECORDS

Joyous treasures from less explored territory

This year's opera delights have been new recordings of Rameau and Massenet rather than Verdi and Wagner, writes ***Max Loppert***

A CURIOUS year for opera on record: while new versions of mainstream operas – Rossini, Verdi, Puccini, Wagner, Strauss – were almost all disappointing, leaving one to wonder why the companies bothered in the first place, ventures into less familiar territory brought bounty. For me perhaps the most joyful venture of all was Les Arts Florissants' dazzling account of *Les Indes galantes*, a Rameau opera-ballet that is at once pageant, spectacle and melodic feast: irresistible 18th-century entertainment (French Harmonia Mundi HMC 901367.69)

Two examples of the rarer Massenet afforded illumination as well as pleasure. The very last opera, *Cléopâtre*, taken live by Koch Schwann (314 064 K3) at the 1990 St Etienne Festival, discloses a subtly drawn, tautly concentrated chamber work, set within Grand Opera trappings. RCA's *Chérubin* (09026-60593-2) offers a starrier (Von Stade, Ramey, June Anderson) yet also less stylish brand of Massenet: but the work itself, from earlier in the "final period", is a delight – light, sentimental, charming, melodically memorable.

The new Lyons Opera version of Poulenc's *Dialogues des Carmelites* (Virgin Classics 7 59227 2), conducted by Kent Nagano, does not render obsolete EMI's celebrated original-cast one: what it does achieve, is a powerful new light on a remarkable 20th-century opera. Collins Classics's speed in placing on disc the Opera North premiere performance of Robert Saxton's *Caritas* (1991) is wholly praiseworthy: a bold first opera, with obvious weaknesses but also an entirely unobvious voice of its own, and a heroine's role distinctive and fascinating (Collins Classics 13502).

Philips launched its long-term relationship with the Kirov Opera with a superbly impassioned *Khovanshchina*, conducted by Valery Gergiev (432 147-2): the rough-hewn epic of Russia at a point of historical change has never seemed more unnervingly "relevant", or more grandly gripping.

The reissue in a single money-for-value package of Karl Böhm's 1960s DG sets of Berg's *Wozzeck* and *Lulu*, both with Dietrich Fischer-Dieskau and Evelyn Lear, provides not just a great bargain but a revelation of great opera conducting – at once "traditional" and forward-looking, idiomatically shapely and muscular (DG 435 705-2). The year of the Rossini bicentenary, miserably thin on new goodies, did encourage EMI to reprint on CD three examples of Vittorio Gui's glory as a Rossini conductor. The Glyndebourne *Cenerentola* (CMS 7 64183 2), *Count Ory* (CMS 7 64180 2) and even the *Barber* with Victoria de los Angeles (CMS 7 64162 2) may no longer count as the last word in Rossini singing: but nonetheless, what Rossinian bliss!

Another 1992 peg – the Barcelona Olympics and other Spanish Big Events – prompted the record companies to hang on it a great number of compilation reissues from their Iberian back-catalogues. Decca's four two-disc boxes of "Musica para piano", Spanish piano music from Soler to Mompou via Albeniz, Granados and Falla, sneaked their way into my record-players again and again: Alicia de Larrocha's peerless skills in this repertory, her gifts of truthfulness, vivacity and calm, demanded no less. Sviatoslav Richter's 1957, 1959 and 1965 Schumann recordings for DG come up as an even more treasurable reissue, subtle and secretive in atmosphere yet also thrillingly bold and broad (435 751-2).

Richter accompanies Oleg Kagan and Yury Bashmet in live accounts, from Moscow in the 1980s, of the Shostakovich Violin and Viola Sonatas: bleak music, its agonies nakedly exposed, and here expounded with magnificently firm authority (Melodiya SUCD 10-00095). Alfred Schnittke, the most important Shostakovich successor, is now the modern composer most favoured by record companies; among the many Schnittke issues of 1992 I gained most reward from Natalya Gutman's account of the First Cello Concerto (coupled with the Schumann, EMI CDC 7 54443 2) and Rostropovich's of the Second (coupled with *In Memoriam*, Sony SK 48241). The best of Schnittke's wild, uneven, unabashed inspiration is here.

John Eliot Gardiner and his English Baroque Soloists and Monteverdi Choir, annual heroes of these record round-ups, demand their place yet again. Two DG Archiv choral records – a lovely Beethoven collection with the Mass in C as its focus (433 391-2) and a marvellously robust Haydn *Seasons* (431 818-2) – make exhilaratingly fresh sounds, fresh statements about the music. In performances of this order, the great Early Music adventure continues with all its exploratory zeal intact.

Standard Joe is pick of the jazz

TO DEFINE the "best" jazz CDs of the year would be to exclude everything else that was worthwhile in a good year. It might be more useful to point up those discs which, had you spent the year in tank immersion therapy, you should go and buy, as soon as you are dry, to catch up. Thus, there are no re-issues here.

Start with Joe Henderson's *Lush Life* (Verve 314 511 779) and *The Standard Joe* (Red 123248). Loathe as I am to follow popular consensus, Henderson's stately tenor sound has overshadowed anything else heard this year. His spaciously constructed treatment of the music of Billy Strayhorn has a dreamlike clarity. Vibrato-less and bone smooth, the tenor swoops and swings gracefully in trio, quartet and quintet settings, alongside and inside the golden tone of trumpeter Wynton Marsalis. Solo or in duet with young Christian McBride's bass, Henderson's matured improvisation is rich in melancholic detail, with "Isfahan" and "Lush Life" itself. *The Standard Joe*, an earlier date, contains similarly exquisite treatment of standards like "Blue Bossa" and "Round Midnight", this time with regular sidemen Rufus Reid (bass) and Al Foster (drums).

To come up to date with what the younger, more impetuous jazz generation have been doing to the music, get hold of a copy of *The Vibe* (BMG/Novus PD90668), trumpeter Roy Hargrove's third date. Twenty-three years old and touring a tight young quintet, Hargrove gives hope to those who thought attacking jazz trumpet died with Lee Morgan. Unencumbered by diffidence, Hargrove's trumpet burns bright and long against the boppy pyrotechnics of pianist Marc Carey and drummer Gregory Hutchinson who uses a bass drum the size of a biscuit tin. Antonio Hart, a shooting star in his own right, weaves around Hargrove effortlessly with the alto. (Interestingly, Hutchinson also appears on *Lush Life* and both he and pianist Carey learnt their chops with singer Betty Carter.)

Having found out what young Americans are doing, discover next the state of the art in the UK with tenorist Courtney Pine's *To The Eyes Of Creation* (Island 9998 514044). As "commercial" as he is deep, Pine could tame an army of quickstepping cobras with the soprano and still have the breath to unfurl a measured reggae ballad on tenor. The definitive sound of London jazz, Pine moves easily between soul and the squeaky stuff and with this sixth album defies all those who said he done too much, much too young.

Unlike Pine, who has been a part of the home jazz scene since the music was rediscovered by the big labels at the end of the 1980s, South Afri can pianist Bheki Mseleku seemed to drop out of the sky on to an unsuspecting public on a new label. In *Celebration* (World Circuit WCD 028) he is joined by the tenors of Pine and fellow World Circuit player Jean Toussaint, driven by the sophisticated poly-rhythm section of Marvin "Smitty" Smith (drums) and Michael Bowie (upright bass). The swaying compositions are all his own and with his unhampered Bud Powell inflected playing he carries with them an uncut emotion that has become a trademark of South African jazz.

Another surprise landing on the family welcome mat was *Tee Vee* (Warner/veraBra 2050) from Australian pianist Paul Grabowsky. A hideously conceived cover conceals an album of catchy Grabowsky compositions which combine Bill Evans' lines with a funky back beat. Well placed spaces in this extremely likeable debut are filled with furious scribbling from the tenor of Dale Barlow and the bristling 'bone of Simon Kent.

But if on emerging from isolation you discover that it is still raining and Jazz FM is playing the same Sade song, you may wish to return whence you came. To help with the meditation take a handful of typically transcendental ECM discs such as Keith Jarrett's *Vienna*, John Surman's *Adventure Playground* or Hal Russell's *Hal's Bells* with you. As an alternative to the mainstream, this year's output from Munich has been exhilarating and eclectic as ever.

Garry Booth

Blowing his trumpet: Joe Henderson's two CDs overshadow the rest of the year's jazz releases

Pearls plucked from the CD flood

Among this year's pleasures for ***David Murray*** *was a literary song-cycle by Alexander Goehr*

BEING IN no position to declare "Best Records of the Year", I shall simply catalogue some happy finds. Doing even modest justice to the annual flood of CDs would be a full-time occupation in itself, let alone trying to sample everything that is released. The situation is made no easier by the big record companies' current preference for putting their money on Great Performing Names (and a handful of the most popular operas), while the smaller companies pursue exciting new artists and the under-explored stretches of the repertoire.

So, first: Alexander Goehr's 1990 song-cycle *Sing, Ariel*, on Unicorn-Kanchana DKP (CD)9129, with Lucy Shelton's principal soprano abetted by Eileen Hulse and Sarah Leonard, and with Oliver Knussen conducting a curious little ensemble of top-class players – two strings (top and bottom), piano, tenor sax/bass clarinet and trumpet. Goehr exploits his quintet for an astonishing range of colour and weight, from intimate to declamatory. The trick of enlisting shadow-sopranos (an inspiration from Janáček's *Diary*?) enhances the dramatic variety further still.

Characteristically, Goehr asked Sir Frank Kermode to recommend texts for this ambitious, extended cycle; characteristically again, Kermode presented him with a rich but unobvious haul from Shakespeare, Campion and Spenser to Auden, Wallace Stevens and Paul Hollander, from suggestive fragments to whole poems, grouped so as to hint at underlying themes. (Goehr has long been a conscientious academic, properly respectful of experts in other subjects.) The collaboration has had a wonderful outcome: I doubt whether any other Goehr project has answered so beautifully to his best strengths.

From his stern serialist beginnings, Goehr has always yearned after the expressive potential of tonal harmony – not to retreat to Bruckner and early Schoenberg, but to tap the power of tonal functions without pretending to return to major/minor keys. *Sing, Ariel* at last does that with perfect assurance, and no sense of compromise. Its harmonies are translucent (the dissonance-factor is low: nothing to frighten the horses), and superbly imagined for its peculiar ensemble. The vocal line switches easily from *sub rosa* confessional tones to conversational ones and to public passion, and invariably it carries the words with sharp musical sense.

I look forward to much closer acquaintance with this cycle, which for nearly an hour marries Goehr's fastidious musicianship to exact feeling, mature and complicated. Nothing really comparable comes to mind but David Blake's Heine cycle, *From the Mattress-Grave* (still gravely under-noticed). Other listeners owe it to themselves to discover *Sing, Ariel*; those who think their defences proof against all music in Schoenberg's wake may be disarmed and won over.

Quicker notices: Michael Tilson Thomas and the LSO have recorded the fullest and best-ordered version yet of Debussy's music for *Le Martyre de Saint Sebastien*, d'Annunzio's deeply unhealthy 1911 theatre-piece (homoerotic, sado-masochistic), on Sony SK 48 240. With Leslie Caron as narratrix, it conveys the shape of the score and the drama as never before, while paring the spoken text to a point where non-French-speakers need not be impelled toward the fast-forward button.

Le Martyre inspired Debussy's last nakedly "lush" music – with further inspiration from *Parsifal*: it was a turning-point, which you need to know in order to hear his later, more astringent pieces in proper perspective. Hand on heart, I should have to say that Tilson Thomas's three attractive sopranos are less androgynously "white" than Debussy would have expected, and that some Puccini-conductors can wring more unmanning magic from his *divisi* string-writing than T.T. does here. He captures the visionary breadth of the whole score nonetheless.

Sony SK 48093 offers "Discovered Treasures" from the Horowitz legacy: i.e. never-published takes from recording sessions between 1962 and 1972 when the great pianist was still in his late prime, not in his elderly, wobbly years. The "programme" here runs from a half-dozen captivating Scarlatti sonatas through Bach-Busoni and Clementi to Medtner and Skryabin, and every part of it bears the inimitable Horowitz stamp, high-definition and huge vitality.

More Medtner, the 2nd and 3rd Piano Concerti, flows magisterially from Nikolai Demidenko's fingers (Hyperion CDA66580). There is an authentic virtuoso crunch in Marc-André Hamelin's extraordinary performance of Alkan's monster *Concerto* for solo piano, too (Music & Arts CD-724). The young Siberian violinist Maxim Vengerov rises to feats of the same breathtaking order, though serenely musical, in a concert-programme with Mehta and the Israel Philharmonic on Teldec 9031-73266-2.

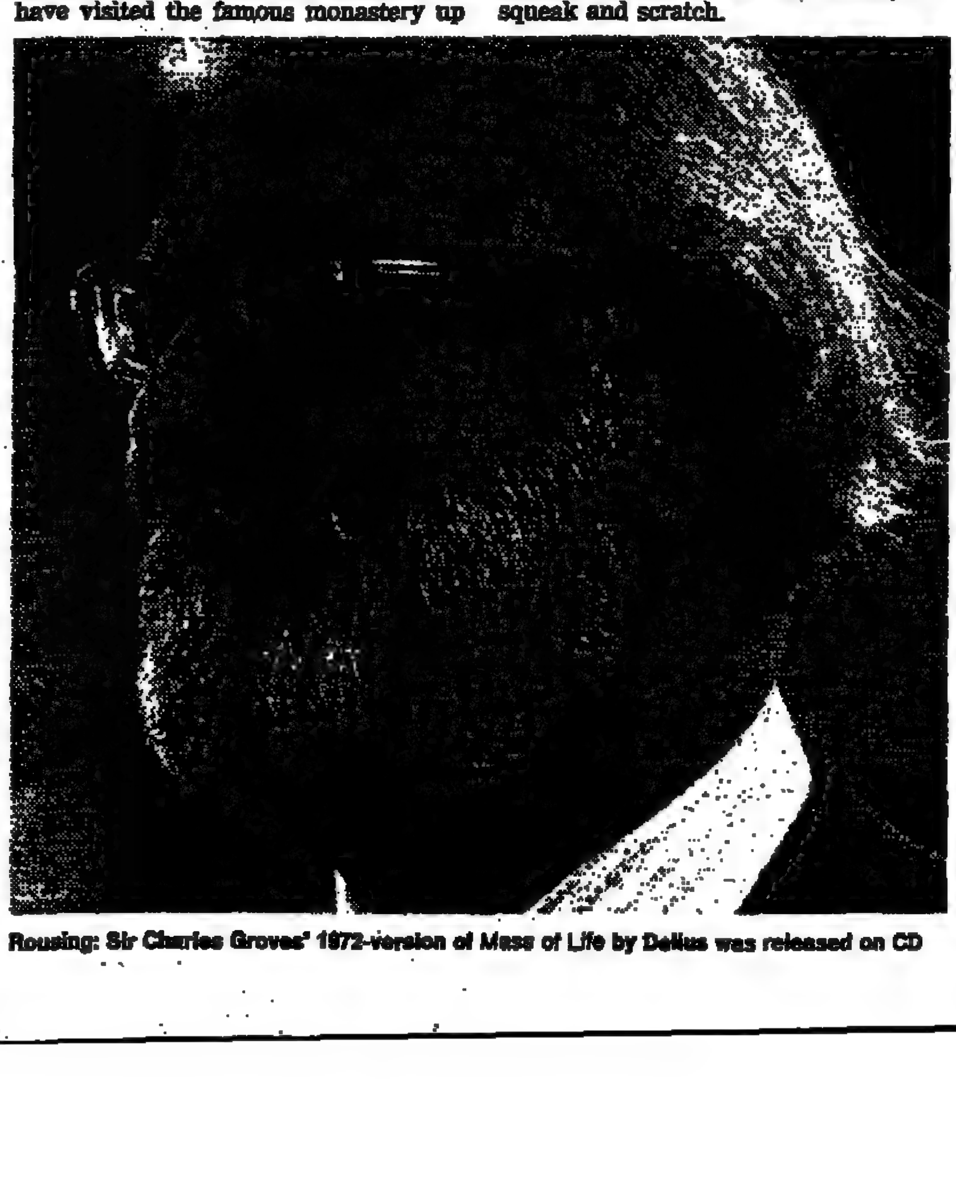
A pagan voice for Christmas

MANY OF the records I have enjoyed this year have been choral music of various kinds. The new issue of Delius's *Sea Drift* (Argo 430 206-2) by the WNO chorus and orchestra under Sir Charles Mackerras is a winner. Mackerras gives Delius a keen edge and firm propulsion – no drowsiness. The ocean swell is wonderfully caught and the Welsh chorus tone has the tang of salt spray. Thomas Hanson's baritone solo is first-rate. For once the vocal line does not sound as if it had been stuck on afterwards. Every word (Whitman in anthropomorphic mood) tells. The fill-up is the *Florida Suite*.

Sir Charles Groves takes a less lean and athletic view of Delius but his 1972 *Mass of Life* (with the LPO and their Choir) comes up rousingly on transfer to EMI CMS 7 64218 2 (two CDs). The companion pieces are the *Songs of sunset* and *Arabesque*, with the Royal Liverpool PO and Choir and eminent soloists – Harper, Baker, Watts, Tear, Luxon, Shirley-Quirk. Luxon's singing of the important baritone solos in the *Mass* is notable. The way Baker combines intensity with simplicity in the fourth of the *Sunset* songs is extraordinary.

The pagan Delius might have reacted sarcastically to his music being recommended for Christmas. If this worries you, go carolling with Richard Hickox, the LSO and Chorus and the St Paul's Cathedral choristers, in two seasonable works by Vaughan Williams (EMI CDC 7 54128). The *Fantasia on Christmas Carols* (1912) is an interweaving of traditional tunes. The anthology-cantata *Hodie* ("This Day" – 1954) is longer and stranger: choruses, solos with beautiful word setting, gospel narrations not spoken but sung, mostly by the boys, rich orchestration, words from many poets including Milton, George Herbert and Hardy. Is it the inclusion, in a central position, of Hardy's *The Oxen*, that introduces a gentle element of questioning? Christmas music with a difference, well worth trying.

Or, as a perfect antidote to late-Romanticism, listen to the *Pilgrim songs and dances* from the *Libre vermell* (Red Book) of Montserrat, persuasively brought to life by Philip Pickett and the New London Consort (Oiseau-Lyre 433 186-2). Many travellers to Barcelona will have visited the famous monastery up in the mountains, half-hidden in a cluster of monstrous rocks like swollen organ pipes. The Red Book, completed in 1399, one of the Montserrat's library treasures, contains ten pieces for voices and instruments for use by pilgrims. They were warned to do them "with respect and moderation" and to avoid lewdness and lasciviousness. The Consort players have the easy conviction which now marks the best early music playing. Gone (almost) are the days of squeak and scratch.



Rousing: Sir Charles Groves' 1972-version of Mass of Life by Delius was released on CD

A new CD which should not be overlooked is EMI's *Musique vocale française* (CDC 7 54452 2) by the Groupe vocal de France under its expert English conductor John Alldis. Debussy's *Three poems by Charles d'Orléans* for unaccompanied chorus are among his choicest small works. Ravel's *Trois chansons* are here too, with Milhaud's outwardly simple, but deeply felt *Six sonnets* on "secret" poems written during the Occupation by Jean Cassou. A distinguished collection, completed with works by Schmitt and Sauguet. Alas, words not included.

A pleasant surprise during the year has been the number of recordings for Milhaud's centenary. To those I reviewed some weeks ago can be added two more in the series of live performances from Prague, where links with Milhaud go back to the 1920s. One "volume" has works connected with Provence (PR 250 013) with the choral *Cantique du Rhône* , the Eighth Symphony ("Rhodanian") and the idyllic "Cheminée du Roi René for wind quintet. The other is centred on the Czech capital (PR 250 012), with the bracing, combative *Music for Prague*, and the *Concertino d'hiver* (trombone and strings).

Enthusiasts for the unique Spanish mezzo Conchita Supervia will fall upon Pearl's anthology *The unknown Supervia* (GEMM CD 9969). They will be well rewarded in spite of variable sound quality. Operatic arias, zarzuela excerpts and a host of mainly Spanish and Catalan songs but including John Alden Carpenter's "When I bring to you coloured toys". Best of all, Bizet's "Les adieux de l'hôtesse arabe". With Supervia's inimitable command of vocal colour and verbal inflection, this song is transformed into a miniature drama.

Ronald Crichton

RECORDS/ARTS

Thomas Hampson: his Schubert songs make rewarding listening

CDs for 30somethings

Richard Fairman on an ever-widening classical range

WHAT TO do when the kids are shut away in another room with the latest Nintendo blockbuster? They say the over-35s are the least likely group to spend their money on video games and the record companies certainly seem to be waking up to that fact: this year has brought an ever wider range of classical music on to the CD market.

The major achievement in 1992 has been the completion of the series devoted to Purcell's Odes and Welcome Songs by The King's Consort. I do not know if this enterprise was intended as the beginning of a long-term retrospective of the composer's work, but it has turned out that way. As Purcell's tercentenary year approaches in 1995, other large-scale projects (including the same company's choral music series) look set to follow its lead.

In the end, the complete set of Odes (Hyperion CDS 44031/8) has stretched to eight volumes. Most include works never previously recorded, of which this year's Volume 7 (CDA 66587) has some particularly good examples. All are typical 17th-century ceremonial pieces, written with wit, grace and invention to amuse their audiences. If only the custom of greeting individual members of the royal family with "welcome songs" had lived on; whatever would today's poets and composers make of such a delightful duty?

Another project well under-way is EMI's undertaking to issue all of Elgar's electric recordings on CD. Two volumes have appeared so far (EMI CDS 754560-2 and CDS 754564-2) and both make highly recommendable purchases. The sound, dating from the 1920s, is far better than one might expect thanks to the quality of these CD transfers and no subsequent performances have ever equalled the exhilaration of hearing Elgar conducting his own music.

What can too often sound heavy and ponderous today was never meant like that at all. At first, it may come as a surprise to hear the composer himself slice ten minutes off the usual duration of the *Enigma Variations*, but delight soon takes over, as today's listener gets into the spirit of it all. That comes on the second volume; Volume 1 contains the symphonies and is the essential buy of the two.

A series which still has a lot further to go is the Hyperion Schubert Edition. This has arguably been its most successful year to date. Some of the best-known singers in the series so far have been discovering some of the lesser-known Schubert songs. Individual volumes, each offering a programme of manageable size, are easily the best way of coming to know and love this unrivalled song treasury. Both Thomas Hampson's theme of classical antiquity (Hyperion CDJ 33014) and Margaret Price's songs of sunset (CDJ 33015) make very rewarding CDs.

A couple of the duets on Hampson's disc remind me that the unforgettable collection of Schubert duets by Janet Baker and Dietrich Fischer-Dieskau has re-appeared, though with the dull vocal trios and quartets added to make a double-CD pack (DG 435 596-2). A brief recommendation also for the latest volume of the Gershwin musicals, *Lady, Be Good!* (Elektra Nonesuch 7559-79308-2), a 1920s show, which includes the song "Fascinating Rhythm" and echoes of the charleston. That would set the toes tapping over Christmas.

The new opera sets have generally been less exciting, but after a gap of about a decade Massenet suddenly seems to be in favour again. His *Chérubin*, the further adventures of Mozart's Cherubino, had its first ever recording this year. The story is pretty weak, but as soon as he comes across a passage with amorous leanings, Massenet is able to turn up the heat under the music's collar. The cast, including Frederica von Stade in trousers yet again as the lusty young hero, is starry (RCA 09026-60593-2).

Finally, a choice that looks to the past and the future. Tchaikovsky was composer of the year at the Edinburgh Festival just gone and Mariss Jansons the most exciting conductor there. We did not actually get Jansons in *The Nutcracker*, but EMI's new recording (CDS 754 600-2) has remedied that – ideal music for the festive season and a foretaste of 1993, the centenary of the composer's death. By next Christmas you probably will not want to hear another note of Tchaikovsky ever again.

A precious piece of Richter

Andrew Clements takes his pick of the year's best releases

TWO Christmases ago René Jacobs' version of Monteverdi's *L'Incoronazione di Poppaea* arrived just too late to squeeze into the year's best releases. This time Jacobs' *Il ritorno d'Ulisse* (Harmonia Mundi 901427.29, three CDs) has made it with a month to spare. If the performances are not quite on the exalted level of *Poppaea*, there is much admirable singing, especially from Christoph Prégardien's Ulisse and Bernarda Fink's Penelope, with the remarkable counter-tenor Dominique Visse appearing in the prologue as L'Umana fragilità and as Pisandro in the opera proper.

There is also the pleasure of Jacobs' wonderfully flexible, non-dogmatic direction. With its judicious cuts in some monologues and the interpolation of early 17th century choruses by other hands where the manuscript is wanting his musical text may well offend purists, but it produces a convincing, spirited piece of theatre, sublimely moving in its final scenes.

Many of the most touted operatic sets of the year have proved big disappointments, but the reissue as a single mid-price set of Karl Böhm's 1960s versions of *Wozzeck* and *Lulu* (Deutsche Grammophon) was a much needed resurrection. Whatever one thinks of the individual performances (Fischer-Dieskau's Wozzeck and Schoen, Evelyn Lear's Marie and Lulu), Böhm's conducting and the playing of the Vienna Philharmonic have an idiomatic sense that no other Berg performances on record have ever captured.

Equally convincing, in its different way, is Anne-Sophie Mutter's brand new disc of the Berg Violin Concerto, with the Chicago Symphony under Levine (DG 437 093-2). Setting highly wrought solo playing among anguished orchestral textures the work seems more desperately tragic than ever before; the coupling, Wolfgang Rihm's very recent *Gesungene Zeit*, is imaginative and intriguing, with solo writing tailor-made for Mutter's finely drawn, silvery tone.

Stravinsky has been served well this year. Best of all were Kent Nagano's coupling of an uplifting, lithe account of the neglected melodrama *Perséphone* and a much more than adequate *Le Sacre du printemps* with the London Philharmonic (Virgin Classics VCK 791511-2, two CDs); and Boulez's crystalline account of the exquisite *Le Rossignol* with the BBC Symphony and a first-rate cast headed by Phyllis Bryn-Julson and Felicity Palmer (Erato 2292 45627-2).

Of the large crop of discs of Debussy's orchestral music, the clear winner was Michael Tilson Thomas's ravishing *Jeux*, *Prélude à l'après-midi* and, the clincher, *La Boîte à joujoux* with the London Symphony at the top of its considerable current form (Sony).

Contemporary music now comes on disc from all directions. In its quiet way the Paris-based Disques Montaigne has established itself now as one of the most important labels for contemporary music, concentrating on the European mainstream with issues this year taking in Xenakis and Kagel, Nono, Rihm and Aperghis. Rihm's voluminous output is hard to survey on disc but the collection of three string quartets (Nos 3, 5 and 8, Disques Montaigne 782008) played by the Arditti Quartet offered a handy chart of his expressive range, while Irvine Arditti's version of Nono's late solo-violin meditation *La Lontananza nostalgica utopica futura* (Disques Montaigne 782004) offers an intensely intimate, absorbing experience.

Nearer home, NMC has continued its invaluable series of discs devoted to contemporary British composers. It was good to have an album devoted to the Composers' Ensemble's imaginative Songbook project, the inspiration of the soprano Mary Wiegold and the composer John Woolrich to invite more than 50 composers to write short settings for the group. The CD (NMC 005) samples 14 of them, though the quality inevitably varies; Birtwistle's crystalline setting of Paul Celan's "White and Light", and Dominic Muldowney's intense version of Brecht's "On Suicide" are the highlights. NMC also offered the first disc devoted to James Dillon (NMC d004), containing three of his most impressive pieces. Even the most sceptical follower of Dillon's progress will be convinced by *East 11th St NY 10003* for six percussionists from 1982, which has a grip on structure and articulation that some of his music lacked.

Finally scraping in, literally in the last post, a new concert recording from Sviatoslav Richter instantly commands attention. Recorded at the Yamaha Centre in Vienna during his 1989 European tour it consists of a series of the small-scale contemporary works with which Richter has consistently spiced his recitals – Stravinsky's *Piano-Rag-Music*, Webern's Variations, Hindemith Suite *1922* – and which he plays with a flair that is peculiarly his own (Decca 436 451-2, two CDs). The sound is not perfect – distant, slightly noisy – but new recordings from the greatest of living pianists are precious things.

Anne-Sophie Mutter: textures Berg with tragedy

A library to listen to

THE Christmas holidays are a good time for armchair travel, and what better than Mark Shand's account of his 1000-kilometre journey through India on an elephant, **Travels On My Elephant**, read with sympathetic enthusiasm by Paul Shelley (Chivers Audio Books CAB 756; 8 cassettes; 8 hours 15 minutes; unabridged). This is not your average elephant: this is Tara, whom the author has rescued bedragfrom a life with professional beggars; for her new owner, the most satisfying of many adventures with her is the process of becoming her mahout. Ancient cities, some bawdy company, Tara's terrible hangover after a well-meant night-cap of two bottles of rum ... All is colour and chaos – a lovely listen.

From ancient-and-modern in India to a cloudy corner of Europe in an different age is the second of Mary Stewart's Arthurian masterpieces, **The Hollow Hills** (CAB 749; 12 cassettes; 15 hours 15 minutes; unabridged) is set in fifth-century Cornwall, Wales and Cumbria, where derelict Roman buildings are still commonplace and forests cover much of the land: a persuasive amalgam of history, myth and magic, the narrator is Prince Merlin, who is secretly bringing up the boy Arthur to take over the throne of Britain. In a spectacular ending Arthur takes his great sword from out of the fire and is acknowledged as his father's successor – the High King who will unite all the peoples of Britain. It is beautifully read by Stephen Thorne, who has already recorded the earlier part of Merlin's story, Mary Stewart's *The Crystal Cave* (CAB 676; 12 cassettes).

As far from Arthurian – or indeed, any – idealism as it could be, **Flashman** (CAB 753; 8 cassettes; 10 hours 10 minutes; unabridged) is George MacDonald Fraser's novel of 1969, which takes up the story of Thomas Hughes's school bully after he has been expelled from Rugby in *Tom Brown's Schooldays*. Harry Flashman has been a soldier. He has even, unwillingly, seen action in the Afghan wars. Coward, liar, womaniser, self-seeking blackguard as he is, his chief preoccupation has been to survive, and in 1905 at the age of 80, he has written his memoires. The background to this irreverent and bawdy saga is some well-researched military history from the Raj of the mid-19th century, turning a blackish comedy into something special; a superb reading by Timothy West.

For really black comedy in a modern setting, Nigel Williams's novel **The Wimbledon Poisoner** (CAB 750; 8 cassettes; 10 hours 5 minutes; unabridged), read by James Saxon, has a lot going for it. Henry Farr, bored City solicitor commuting from Wimbledon, decides to murder his wife, but that success eludes him. Other unintended successes crowd in on him, and there are some very funny passages until the end, when the tension is of a far less comic kind. Not a set to give to Aunt Edna: the F-word is in constant use.

For a less burlesque view of contemporary English family life there is **Family Money**, Nina Bawden's novel of 1991, in a first-rate reading by Eleanor Bron (Sterling Audio Books SAB 031; 8 cassettes; 8 hours 19 minutes; unabridged). Fanny Pye is a comfortably-off widow living alone near the Regents Canal who is casually beaten up for intervening in a street fight, with consequences that last and last.

From Random Rouse Audiobooks, there are two highly enjoyable abridged versions of recent best-sellers. Dick Francis's **Driving Force** went straight to the top of the lists, and this reading by Nigel Havers (RC 112; 2 cassettes; 3 hours; abridged) is pure pleasure. The hero, a retired National Hunt jockey, runs a fleet of horse-boxes and accidentally discovers that some of them are used to carry odd items in addition to the horses. The other good listen is Michael Caine's autobiography, **What's It All About?** (RC 111; 2 cassettes; 3 hours; abridged) read in laid-back style by the author.

There is a good new abridgement of an old favourite, Conan Doyle's **The Valley Of Fear** published in 1915 (Listen for Pleasure LFP 7616; 2 cassettes; 2 hours 30 minutes; abridged). A mysterious killing in England, solved by Sherlock Holmes, receives an admirably strong reading from Martin Jarvis. Another ever-popular Sherlock Holmes story that has now been re-issued is **The Hound of the Baskervilles** (LFP 7607; 2 cassettes; 2 hours; abridged). The clipped style of the late Hugh Burden's reading catches all the tension and fear of this tale of the dreaded Hound.

From Schiltron Audio Books come three impressive new single cassettes. **Hunting Shadows** (SPN 300-1; 1 hour) is Tom Gallacher's boyhood memories of "old Dumbarton" in the 1930s, with Henry Hall on the wireless, full cinemas and the great merchant shipping fleet in the Clyde. Robert Trotter gives a delicious reading.

A Wilderness Of Monkeys (SPN 825-2; 1 hour 16 minutes) and **Every Inch A King** (SPN 825-3; 1 hour 16 minutes) complete John Cargill Thompson's gossipy trilogy on the 18th-century theatre in Britain. The former is an account of his long life from the bawdy, brilliant, quarrelsome old Irish actor, Charles Macklin (played by Alec Monteath), the greatest Shylock of his generation, as he lies in his coffin in July 1797. Even David Garrick (played by John Shedden), who detested Macklin, gives an admiring analysis of that Shylock. Both these cassettes are vastly entertaining and full of information, as was the first of the trilogy, *Uncorking Old Sherry* (SPN 825-1; 1 cassette; 1 hour 25 minutes), performed by Martin Heller and issued two years ago.

Raymond Briggs's new fable **The Man** (Random Century Tellastory TS 431; 1 cassette; 84 minutes) receives outstanding performances from Michael Palin as The Man and 12-year-old William Puttock as The Boy.

A few companies are re-issuing their popular recordings in simplified packaging at bargain prices. Spoken Word never comes cheap, but these trim several pounds off earlier prices for the chosen sets. Among such sets offered by Isis Audio Books is Ellis Peters's Cornish mystery from the 1960s, **A Nice Derangement Of Epitaphs** (TE 468; 6 cassettes; 6 hours 48 minutes; unabridged). our own time woven closely. This ingenious tale might seem rather slight, were it not for the detailed portrait of a modern family in crisis: it is well for them that one of their new friends is Detective Inspector George Felse. Ian Ross gives an unhurried and intimate reading.

Chivers Audio Books also has an excellent range of popular successes in similarly simplified packaging at reduced prices under the label Word For Word Audio Books. One of my own favourites is Maeve Binchy's **Dublin 4** (WFW 103; 4 cassettes; 5 hours 15 minutes; unabridged), four penetrating short stories set in Dublin, with an enchanting reading by Kate Binchy. There is also Stephen Thorne reading Ellis Peters's first Brother Cadfael mystery, **A Morbid Taste For Bones**; Michael Bryant reading Ruth Rendell's Inspector Wexford mystery, **An Unkindness Of Ravens** – one of her best; and Jonathan Cecil's ineffable reading of P.G. Wodehouse's **Right Ho, Jeeves**.

■ Full lists from Isis Audio Books, Clio Press Ltd, 55 St Thomas Street, Oxford OX1 1JG. Chivers Audio Books and Sterling Audio Books, from Chivers Press, Windsor Bridge Road, Bath, Avon BA2 3AX. Schiltron Audio Books from Schiltron Publishing, 1 Nursery Buildings, New Lanark, Lanark, Scotland ML11 9DF. Unabridged classics (Jane Austen, Trollope, Dickens, Hardy, etc), Cover to Cover Cassettes, PO Box 112, Marlborough, Wiltshire SN8 3UG. Sets of abridged readings: Listen for Pleasure (EMI) and Random House Audiobooks are normally available through record shops and booksellers, as is the BBC Radio Collection.

Mary Postgate

Radio/**B.A. Young**

Proper approach to words

LISTENERS in the London area have drama from the LBC as well as the BBC, and a lot of it comes out of the Woolwich Young Playwrights Awards, sponsored by the Woolwich Building Society. The ten winners in the 1992 competition, out of 335 entries, received their awards on Tuesday at the Purcell Room. The winning plays will be heard first on LBC, then touring on 14 independent local radio stations and 8 BBC local services.

Drama may also be found on Radio Clyde, and I have just heard their *A Fugitive Day*, by Robert Forrest. It is a kind of thriller, but the weapons are nerves, not guns. Emma (Sybil Wintrope) describes her dreams to psychologist James Weaver (Ian Hogg), to see if they fit into his studies on synchronicity. We are not told, but I may tell you now, that the events of the dream correspond with the events of James's naughty night with Louise, who later died. In a well-wrought story, we hear of more unhappy synchronicities until James, re-enacting the Louise night with Emma, is driven out of his mind. Emma has in fact been put up to it by James's wife Anne (Celia Imrie). The adroit direction is by Finlay Welch.

Radio 3's Sunday piece was Michael Hastings's *Tom and Viv*. The marriage of T.S. Eliot and Vivienne Haig-Wood, its subject, was indeed pathetic, she driven mad by ill-judged drugs, he driven near it by her madness; but in the play, Tom and Viv are just ordinary people in difficulties, no doubt why Hastings masked their superiority under their nicknames. Of its kind, it is not a bad play, but not a very good one; and though Miranda Richardson is a convincing Vivienne, John Duttine is no Eliot, whatever he is described as doing. Sue Wilson's direction allows fine work from the supporting players.

I was put off Frank Delaney's *Word of Mouth* (Radio 4, Mondays) because Radio 3 was doing *Words* at the same time; but I approve its properly old-fashioned approach. It has dealt with the "less" and "fewer" matter, and, in response to listeners' letters, this week brought up "different to" and so on. They taught me about such things in the fifth form at school, and it distresses me that they do not figure universally in our nationalised education. One good thing about the question of women's ordination is that broadcasters have learnt to pronounce "schism" (even if they still put the extra "r" into "law and order"). Now let us all say "on the ground that", singular, when there is only one ground.

Frankly, though, I doubt if requiring decent English from people who care little about it is one of broadcasting's major duties. Better teach us to be understood in other tongues, as Radio 5 so attractively does in its three Sunday evening programmes on conversational French, Italian and German. No language teacher I; no great linguist either, but these half-hours seem to me worth their weight in gold.

I wrote lately about *The Locker Room* on Radio 4, men telling one another about their interests. I did not, and I do not, find it very interesting. But at least it is better than *Knowing Me, Knowing You*, also Radio 4 – another programme from the same mould, only commoner and rather dirtier. Are we seeing radio's counter-attack on feminism?

A Book at Bedtime (Radio 4) is usually well-chosen. It is currently using short stories, though Fay Weldon's *The School Run* was long enough to go over two evenings. You could say that it dealt only with everyday concerns of country women moving to the country – but it is written by Fay Weldon, which would have guaranteed its unusual felicity even if it had not been so likeably read by Julie Christie. There are some more Weldon Christies to come.

Off the Wall/**Antony Thorncroft**

Sponsorship reaps its own rewards

THE MEDIA was out in force at the National Theatre yesterday morning for the annual prize giving of the Association for Business Sponsorship of the Arts. It would be nice to think that the world's press was desperate to know which company had won the award for the year's best corporate sponsorship scheme (it was Toyota for helping the Japan Festival) but they were probably more interested in the prize giver, ABSA's Patron, the Prince of Wales.

But even without such a headline grabber, the ABSA awards is the most important day of the sponsorship year. This is when the sponsorship manager gets the chance to convince the company chairman that the money spent on the arts is worthwhile. Unfortunately not everyone can win, but even the losers are impressed by the massive turnout of business and arts glitterati. The awards make sponsorship seem important.

The winners were: Long Term Commitment – Sainsbury's; British Art Overseas – Cable & Wireless, for the English National Ballet's tour of Hungary; Corporate Programme – Mobil; First Time Sponsor – Champagne Piper-Heidsieck, for restoring prints

The ABSA awards mixed hardy annuals with frissons of adventure

of classic films for the British Film Institute; Youth Sponsorship – W.H. Smith; Commission of New Art – consultants KPMG, for its "Future Positive" scheme which has brought new works to the Tate, the ENO, and the National Theatre; Arts & Disabled People – Yorkshire Electricity; Art & Urban Regeneration – North of England Building Society; Sponsorship by a Small Business – Edwin Shirley Trucking, for sponsoring the BAC's production of *120 Days of Sodom*. The winners received ceramic bowler hats.

A new award presented by Arthur Andersen for the Business in the Arts Adviser of the Year went to Andrew Hadjitofi of BP Exploration in Glasgow, who advised the Scottish Sculpture Trust. The BP Award, which reverses the process and goes to an arts organisation which makes best use of sponsorship, was won by the North of England Museums Service.

As ever the awards mixed the hardy annuals, like Sainsbury's, Mobil and W.H. Smith, with the frissons of adventure (*Sodom*), but suggest that the judges took their job seriously.

★

The whole devolution of the arts issue has been dragging on for so long that when it was finally resolved yesterday the response was a great yawn. The matter of which arts companies should be funded directly by the Arts Council, and which by local Regional Arts Boards has more to do with prestige than with the size of their grants. The various arts ministers had different views and dithered. Luce wanted maximum devolution; Mellor minimum; and the man now in the chair, Peter Brooke, has opted for the Via Media, which was announced, to cause minimum outrage, on a Friday before Christmas.

So the main orchestras: those based in London plus the CBSO; Hallé, etc., and the main art galleries, like the Whitechapel and Serpentine, stay funded by the Arts Council, while the leading provincial theatres, the Bristol Old Vic, the Royal Exchange Manchester, the West Yorkshire Playhouse, devolve to the regions, to become flagships for their local RABs.

The reasoning is that the regional orchestras have no competition and cannot be assessed locally while the theatres have local rivals. The Royal Court in Sloane Square has won its battle to be centrally funded. The Arts Council also keeps Opera North, Northern Ballet Theatre, and the ICA. The RAB's take on an extra 42 companies in all. The changes have been delayed for a year, until April 1, 1994. There will be no opportunities to appeal, and the word is that this is the long term solution to arts funding.

★

Enter Messenger left from the RSC: we have taken a record £1m in advance ticket sales for *Hamlet*, which opens tonight at the Barbican with Kenneth Branagh as the Prince.

Enter Messenger right from the Royal National Theatre: we have taken a record £1.2m in advance bookings for *Carousel* which opened on Thursday. It is good to see our two leading drama companies in such profitable rivalry.

★

Next week we should get the details of the national lottery, this wonderful wheeze which is going to pay for the dreams of every museum director, arts administrator, and artist in the country. Already there are cries of "Barbarians at the Gates".

The most obvious is the Treasury. With 50 per cent of any proceeds going in prize money, and around 15 per cent in administration, the slice grabbed by the Treasury in tax largely determines what shrunken remnant will be available for distribution to the arts (and sport, and heritage, and the Millennium Fund, and charities.) If only 25 per cent is left for distribution from, say, a total take of £1.2b, that leaves a fifth of £300m, or £60m for the arts, not enough to satisfy everyones needs.

If the Lottery lobby can pare down the Treasury's take, it must also ward off those MPs, paid lobbyists and committed anti-gamblers who could weaken the Bill further in Parliament. Heritage Minister Peter Brooke will have to show some undetected robust energy to get his hands on the money.

Ominously his Department seems, in its recent revenue announcements, to have already spent some of it. The cutbacks in future grants for the National Heritage Fund and the Arts Council are a heavy hint that they will be helped out by Lottery money. If this is not forthcoming in sufficient quantities the future for the arts really does look bleak, especially as Brooke has one insatiable cuckoo, the British Library, already in his budgetary nest, and could discover a second in the rebuilding costs of Windsor Castle.

★

Once museums used to bewail the fact that owners of national masterpieces sold them at auction for exorbitant prices rather than bask in good will, and a reasonable return, from a deal with them. But as the art market remains sickly, museums suddenly seem good buyers.

The Hulton Papers sound boring, but consist of 43 letters from the Earl of Essex to Queen Elizabeth I. While soaked in the conventions of courtly love they are also remarkably frisky: some are signed "SX" which could stand for Sex as neatly as for Essex. They remained in the Hulton family for around 300 years. They were offered to the British Library, but the asking price was too high. Now Sotheby's is selling them on Monday, with an estimate of £400,000-£450,000.

Not only does this suggest a healthy discount (Sotheby's usual price for one good Essex letter would be £20,000) but is less than the sum asked from the British Library. It is unlikely that the letters would ever be allowed to leave the UK, so perhaps the Library will get a bargain on Monday.

Intelligent precision rather than emotional swagger: 'The Veneration of the Cross', 1963, by Norman Blamey, currently being shown in only the second one-man exhibition he has ever had

Committed to his own vision

***William Packer** admires the work of Norman Blamey*

IT IS comforting to think that talent will out, that sooner or later all artists of any true merit will get their due. Such faith is sorely tested in the event. Norman Blamey is now 78 and a Royal Academician of some 20 years' standing and he has shown in every Summer Exhibition of the Royal Academy since 1938. Yet he works slowly, and to meet his full Academician's quota of six major works to show each summer stretches him to the limit. Also there is the apparently narrow range of his subject-matter – the domestic interior and still-life, the portrait and the figure composition – all submitted to a calm, detached, unblinking scrutiny and realised with a scrupulous, even harsh technical precision.

In the context of late 20th century modernism, with its contemptuous indifference to long, slow, consistency and technical probity, his commitment to his particular vision might seem, to some eyes, wilfully old-fashioned. It is at once astonishing and no surprise at all, that this small retrospective celebration, organised by the admirably independent-minded Linda Checketts of the the Norfolk Institute at Norwich, should be only the second one-man exhibition he has ever had – the first a similarly modest affair at the Roundhouse in Camden Town in the late 1970s.

He is as accomplished and intriguing an artist as any currently at work in this country. He is even as important, for while he represents no movement or tendency of the avant-garde the position he has achieved remains entirely his own, which in itself is significant. For he is an artist, properly educated in the disciplines of the western realist tradition, who has said to himself that they will do for him. To look back consciously, as he has done, to the example of the Flemish masters of the 15th and 16th centuries, and to van Eyck in particular, has made him no less a painter of his own time, no less aware of the formal examples afforded by artists from Degas to Mondrian. It has only set him somewhat apart.

The lesson is that the artist may look and learn, but is under no duty to follow. And so Blamey, our one present-day pre-Raphaelite, gives us the clearly articulated pictorial space within which the true appearance of things may be studied and registered, a space held and defined, four-square, by screen or mirror, door-frame, table-cloth or altar-front. In the past, the perspective, which is always meticulously worked out and resolved, has been forced to a degree, consciously flattening the space and elongating the figures within it, to mannered, even decorative effect. In more recent years, that system has eased, giving a more natural and conventional space, though the definition, both of space and form, remains as rigorous as ever. The paint surface is rich, but never indulgent in its application – again every mark, every bloc or element of colour put firmly in its proper place, incised with the sharp, swift edge of the palette knife. As he says of his methods in his teaching of life-drawing, the intention, the hope is to achieve "intelligent precision rather than emotional swagger."

Blamey's most obviously ambitious paintings are the large ecclesiastical compositions of the celebrants and servers at the altar of St Pancras Old Church, the high anglican church which he has attended all his life. This is difficult material in every sense, in this sceptical age, and no other modern artist has taken it on, and on such a scale. Here there is no visionary or mystical special pleading, but only the simple depiction of the ritual by which belief is communicated, the principal figures impersonal and monumental, yet touching in their evident humanity.

Though clearly more personal, the domestic and family compositions are formally no less ambitious, and turn out to be quite as monumental in the result. The artist's family around the harmonium, his wife, head on hand, at the kitchen table, the family again caught in the mirror, the space doubling and redoubling itself away to infinity – in all these works, the figures are held either in significant repose or at the definitive, chosen gesture. The fingers are spread at the keyboard, the hand reaches to turn the page, for once and for all. These are magnificent, truly monumental paintings, and the more poignant for touching upon our common experience. Norman Blamey is a secret we keep too well.

Norman Blamey: The Fine Art Society, 148 New Bond Street, London W1, until January 8.

Musical stars shine out in the Northern sky

***Andrew Clements** praises the 'Tender is the North' festival*

THE TITLE still seems just as silly as it ever did but "Tender is the North", the Barbican-based celebration of Scandinavian arts, has proved itself one of the most worthwhile and comprehensive of such festivals in London. It all ends tomorrow, when Colin Davis conducts the last concert in his immensely authoritative Sibelius cycle.

For its final week, however, the focus of activity switched very definitely to the Scandinavia of today; five concerts of contemporary music selected by the Finnish composer Kaija Saariaho have been given in The Place theatre; the last of them will take place this evening.

A decade ago such a survey of new Scandinavian music would have attracted little attention. But the 1980s saw the emergence from northern Europe of a whole cadre of composers in their thirties and forties, all very different in style and approach, who rapidly made distinctive marks. Two of the Finns, Saariaho herself, born in 1952, and Magnus Lindberg (born in 1958), must now be ranked alongside the most important figures of their generation.

This northern renaissance has not been at all fortuitous; it had a whole complex of cultural and historical catalysts, though perhaps the most significant of them was the opportunity for young composers from Scandinavia to study abroad and especially to work at IRCAM in Paris. As a result they have mastered a wonderful diversity of musical language, totally without its compositional dogma.

It was revealing to see the 20th-century masterworks that Saariaho had included as benchmarks in her programmes; there were pieces by Ligeti, Messiaen, Berg and Takemitsu, all of them free spirits technically speaking, intensely intuitive yet at the same time highly disciplined.

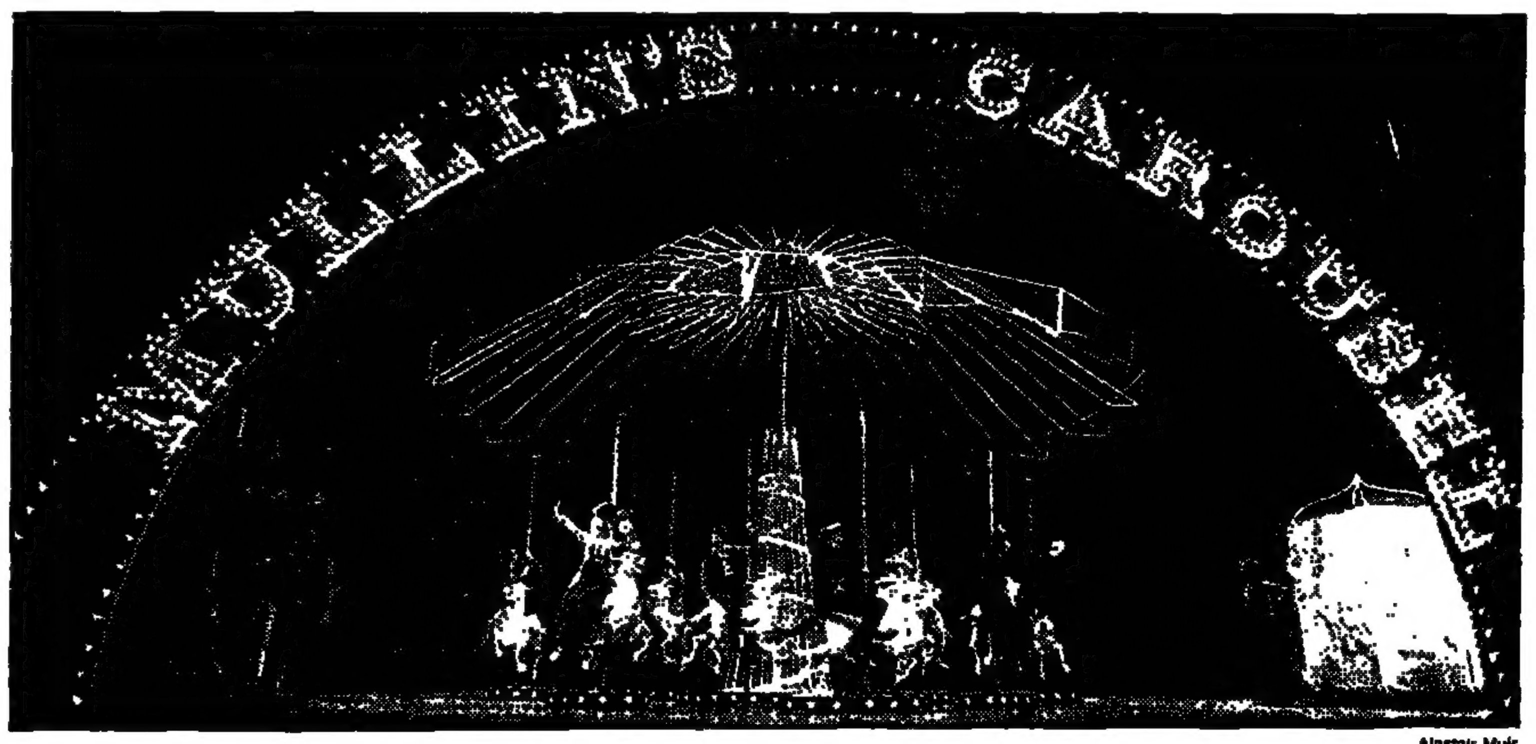
Tuesday's opening concert, given by the excellent Finnish ensemble Avanti!, conducted by Jutta-Pekka Saraste, was the most prestigious of the series: Ligeti's Chamber Concerto preceded a new work by Saariaho and Lindberg's impressively argued and harmonically lucid *Joy*, which the London Sinfonietta introduced to London last year. Saariaho's piece, *Amers*, was a joint commission from IRCAM and the Barbican; it is a cello concerto in all but name, a single 20-minute span. The soloist (Anssi Karttunen here) is amplified; courtesy of IRCAM technology each string of the instrument has its own microphone and the sounds can be diffused independently around the hall. The ensemble contains a pair of synthesisers (generally sampling metallic timbres); there is also a computer-generated tape.

The aural benefits of such a highly intricate set-up were not entirely clear at this first performance; a larger space might have given the cello lines more mobility and focus. As it was *Amers* could be admired for the fastidious selection of its material, the delicately graded and controlled textures, the unexpected harmonic shifts and rhythmic collisions. Each of Saariaho's wonderfully assured works leaves one wanting to hear much more, especially the big orchestral pieces which remain unperformed in Britain.

In Avanti!'s second concert on Thursday the modern classic was Berg's Chamber Concerto with Ernst Kovacic and Tuija Hakkila as soloists. This time though the newer pieces preceding it were less convincing. Arne Nordheim's *Tractatus* set whirling flute figuration against the ensemble in an all too familiar rhetorical way, while *Minnewater* by the Swedish Bent Sorensen (born 1958) began promisingly with a gently lapping study in closely meshed melodic layers which owed a good deal to Ligeti, but seemed to lose its way in a flurry of rhythmic activity towards the end. Yet the opportunity to hear Sorensen's music was a thoroughly useful one; the whole event at The Place has provided a timely counterpoint to the mainstream events of the festival.

Held together by syrup

***Malcolm Rutherford** on the revival of 'Carousel' at the National*



Alastair Muir

The carousel: a marvellous opportunity for the designer Bob Crowley in Nicholas Hytner's new production

THE FIRST night of *Carousel* at the Royal National Theatre ended with a standing ovation, and there is much in Nicholas Hytner's new production of the old Rodgers and Hammerstein musical that is worthy of applause. I prefer to walk alone in expressing reservations, but first will acknowledge the accomplishments.

The production is, of course, terrific. The RNT pulls out all the stops using all its resources, now supplemented by Cameron Mackintosh, on what is already a pretty good score. *Carousel* does not contain very many songs, but they include the irrepressible "June is Bustin' Out All Over", which is here given a magnificent rendering by Patricia Routledge, as well as "When the Children Are Asleep".

It was not the first modern musical to use ballet. Rodgers and Hammerstein had already done that in *Oklahoma!* This must be the first revival, however, which has commissioned a new ballet by a major choreographer – the late Kenneth MacMillan. The main dance scene, performed by Bonnie Moore and the Russian, Stanislav Tchassov, is breathtaking, and it is gratifying to see ballet on the stage of the RNT. The orchestra, led by Rolf Wilson, is first rate throughout.

There are also marvellous opportunities for sets. The designer Bob Crowley knows by now how to use them to the full. Apart from the early appearance of the real carousel, note the scene at the end of the first act where everyone gets into small boats.

Carousel has a plot of a kind, as well as effects, so there is room for some acting, notably by Michael Hayden as the central character Billy Bigelow – called Billy, one assumes, because he is meant to be a good guy at heart, and Bigelow because while his heart is big, some of his actions are low. Hayden covers the range.

There is a musical climax in the number that has become the theme song of the Liverpool football supporters: "You'll Never Walk Alone". Sung first by Ms Routledge, and reprised by the entire cast at the end, it is undoubtedly powerful.

Not least, *Carousel* has an interesting background. A series of informative programme notes reveals that the piece is closely based on a play by the Hungarian Ferenc Molnár, first performed in Budapest in 1909. Puccini, who was chasing Molnár's divorced wife, wanted to make an opera of it, but abandoned it in favour of *Turandot*. Rodgers and Hammerstein picked up the English translation and added a happy ending. Molnár saw *Carousel* in rehearsal in New York in 1945 and thoroughly approved. Central European sentimentality had passed to New England and gained an evangelical fervour.

So why do I damn with faint praise and persist in thinking that the recently revived and contemporaneous *Annie Get Your Gun* is much to be preferred? The answer is that *Annie* is rougher and tougher and has infinitely greater variety. Annie is a wild figure, a brilliant shot who lays down her gun for her man. The cast of *Carousel* looks like a bunch of boy scouts and girl guides doing *The Gang Show*, and the only song that approaches *Annie* in zest is "June is Bustin' Out All Over".

For the rest, *Carousel* is a musical moral crusade. Any excuse for sentimentality is seized upon, like singing songs about the joys of having breakfast in the kitchen. It is also irrational for a character (Bigelow) who has spent most of his life as a heel and has failed to commit murder only because the man he was attempting to knife turned out to have a gun should be sent to the backyard of heaven.I found these scenes ridiculous. As for "You'll Never Walk Alone", it is clear that evangelists and football supporters have a great deal in common. True, it is all done with great style and technical excellence, but *Carousel* is held together by syrup. The production is sponsored by Oracle UK.

Chess No 952:
Black went Qa3? 2 Qc1 Qa5 3 Bb5! Qxb5 4 Qa3 and White survives, but 1...Ra8! (threat Ra1+) 2 Qc1 Qc5 wins by the double threat Qa5 and Qxg1.

BOOKS

Politician without a permanent address

***Robert Blake** discusses a neglected aspect of Churchill's career*

IN 1975 Paul Addison published a brilliant and original study of British domestic policy in the Second World War *The Road to 1945*. Now he has written a most illuminating book on a neglected aspect of the career of the most remarkable statesman of the 20th century.

I do not know whether or not Paul Addison originally intended to write a comprehensive biography of Churchill but, he has in the event concentrated on his role in social and economic affairs rather than in war and foreign policy. This is a sensible decision and fills a significant gap. There have been studies of aspects of Churchill's domestic role, notably in Anthony Seldon's *Churchill's Indian Summer*, an account of his last government. But no one hitherto has told the whole story.

Portrait of Churchill by Sickert, 1927

Churchill's political career which lasted 55 years brought him as much in contact with home affairs as military and imperial. President of the Board of Trade, Home Secretary, Minister of Munitions, largely concerned with industrial and labour problems, and finally Chancellor of the Exchequer 1924 to 1929. And, although his great premiership was mainly concerned with war, no prime minister can entirely ignore what is happening inside his country.

CHURCHILL ON THE HOME FRONT: 1900 -1955
by Paul Addison
Jonathan Cape £20.00, 493 pages

Churchill's attitude to social and economic problems was a curious mixture of the radical and the reactionary. As President of the Board of Trade 1908-10 he, along with Lloyd George, can claim much of the credit for inaugurating what came to be known after the second world war as the "welfare state". Liberalism he declared in October 1906 was "the cause of the left-out millions".

Churchill's genuine radicalism was designed to make the capitalist system more humane and more acceptable. He never thought for a moment in terms of replacing it by something quite different. All his life, one full of inconsistencies, he had a consistent antipathy – socialism. He described it in a speech in October 1906 as "a monstrous and imbecile conception which can find no real foothold in the brains and hearts of sensible people".

Most Conservatives would agree, and dislike of socialism does not in itself brand him as reactionary. But there were attitudes which do. His intense aversion to Indian self-government in the 1930s was one and he certainly did his best to block Beveridge and the Coalition plans for post-war reconstruction in 1943-45.

For most of his political life Churchill was simply not trusted. This was partly because of his somewhat dubious "court", Birkenhead, Beaverbrook, Boothby, Bracken etc, but it was also because – particularly in home affairs – he refused to think in party terms. He changed parties twice and seldom stayed long on the same stance within the party to which he had moved.

Churchill, as Addison puts it, "was a politician without a permanent address". Not the least valuable service performed by this fascinating book is to show how and why the greatest political figure of his time found himself in this ambivalent position until the events of 1940 transformed the whole situation and made him a national hero.

Man and beast linked in a strange, wild amity: "Come" (1950), oil, by Jack B. Yeats

Yeats with the paintbrush

"AN AGED man is but a paltry thing . . ." wrote W.B. Yeats. That surely was not true of his brother Jack the painter who died at the ripe old age of 85 in 1957, active as an artist to the end. "His last drawing," his biographer Hilary Pyle tells us was done 48 hours before his death, "a tiny gay swirling sketch of two roundabout ponies".

Jack Yeats was in his sixties when he painted some of the great works on which his reputation rests and which may now be located through use of the three volumes of the definitive catalogue of his work in oil. It has been compiled in the wake of her biography of the artist (1970, revised edition 1989) by Hilary Pyle.

Yeats was acclaimed in 1945 by the Irish art critic Thomas MacGreevy as Ireland's greatest painter – "the national painter", he affirmed "in the sense that Rembrandt and Velasquez and Watteau were national painters". While not wholly disagreeing, Samuel Beckett – also a passionate admirer – jibbed at the attempt to confine Yeats's genius within nationalistic boundaries.

"He is", wrote Beckett, "with the great of our time, Kandinsky and Klee, Ballmer and Bram van Velde, Rouault and Braque, because he brings light, to the issueless predicament of existence, reduces the dark where there might have been, mathematically at least, a door".

Is such rhetoric more relevant to Beckett's plays than to Yeats's painting? Extravagantly phrased as the encomium is, some of the colour plates of the late oil paintings reproduced here go far to justify it. Yeats began as an illustrator, working as a young man for *Punch* and other journals, turning to water-colours and drawings, and then into a bold fluent exponent of the medium of oil.

His late manner is as different from the work of his youthful period as is *Dubliners* from *Finnegans Wake*. He moved in 1917 to Ireland from England where he was born and lived there for the rest of his time. He loved the landscape and the country people in whose life he found an inexhaustible vein of inspiration. His work was rich in studies of the Irish landscape with its rivers, sea, cliffs and beaches.

In his old age these natural forms with the human and animal figures that inhabit them are transformed by a luminous palette richly applied to give us a transcendental vision. Yeats's closest kinship — in his maturity – is with the chromatic canvases of Turner and the apocalyptic fugues of Kokoshka.

His painting "Tinkers' Encampment; The Blood of Abel" (1940) has a crimson patch of blood in the foreground lit up by a small girl in blue with a torch. Figures of men and donkeys are converging on it from the crowded camp sited on a mountainous strip on the far side of a river. Painted during the Second World War, it was the closest Yeats ever came to a direct political statement.

More typical of the late manner is "Come" in which a farmer stretches out his arms beckoning a horse towards him. Man and beast are shown linked in a strange, wild amity.

Yeats bore witness in his paintings and his eccentric fictional writings to the survival of that romantic Ireland which his brother lamented was dead and gone. He produced a fine set of illustrations for Synge's *The Aran Islands*. But the most frequent subjects in the vast body of work now catalogued are horses. There are times when Yeats makes Munnings seem like an amateur.

When the Irish Free State evolved W.B. Yeats became a senator, "a smiling public man". Jack remained a republican; but although the brothers diverged in their affiliations, their admiration and support for each other's art never wavered.

Pyle has been both thorough and scholarly. It was the greatest stroke of luck that the dealer Waddington had a gallery in Dublin and discovered Yeats comparatively early. Yeats had his first exhibition with Waddington in 1943, and stayed with him for the rest of his career. This catalogue, for which the Waddington Gallery has provided much of the information, is inscribed in Victor Waddington's memory.

Jack B. Yeats: A Catalogue Raisonné of the Oil Paintings by Hilary Pyle. A limited edition of 1,550 copies, three volumes in a slip-case. André Deutsch, £395.00 the set

Anthony Curtis

The frontiersman of American poetry

WHITMAN is a curious figure in literary history. He stands on the indeterminate border between greatness and absurdity, his work a mixture of extraordinary genius and mere bombast.

WALT WHITMAN: From Noon to Starry Night
by Philip Callow
Allison and Busby £19.99, 394 pages

Philip Callow has performed a service in helping us to understand Whitman. The inexorably rolling periods of Whitman's chief poetic work, *Leaves of Grass*, make better sense when we learn that it is modelled on opera; it is, Callow suggests, a collection of arias and recitatives, made for utterance in the grand theatrical manner because its subject is itself grand and theatrical: human destiny; the energy of America, America's prairies, vast skies and burgeoning cities.

Whitman himself becomes explicable when we see him selfconsciously rising to a challenge facing the US in its boisterous 19th-century adolescence: the need for a national poet. Many had called for this; Alexis de Tocqueville, when visiting America, noted the absence of a major poet; Ralph Waldo Emerson yearned for one; the press called for a "Homer of the mass" to arise. At the age of 36, after years of miscellaneous drifting, Whitman discovered himself to be that Homer.

Whitman was born on long Island in 1819, one among the large family of a bibulous carpenter and his Dutch wife. He left school early and was apprenticed to a printer, graduating to journalism after spells as a teacher in various rural schools. Because of the proliferation of newspapers in New York, and the hectic warfare of political factions, Whitman found plenty of journalistic work. His first editorial appointment came in his early twenties. The New York tuppenny sheets were not unlike our own odiferous tabloids, but Whitman relished his task, particularly the preaching and opining which the customary high-moralising style of Victorian editorials demanded.

In his poetry Whitman appears as a frontiersman, a fearless traverser of prairies, rejoicing in health and independence. In fact he made few journeys beyond the environs of New York: the longest being to New Orleans where he worked for several months. Despite wishing to take a romantic view of America's splendours, he found the Mississippi merely muddy: and the bone-rattling rigours of stage-coach travel disagreeable. But all he needed was a hint. In his poems the vastness of America unfolds cinematically, and Whitman hymns the promise and beauty of mountains, lakes, rivers, cities and people as if he knew everything about each one of them personally.

It is a mystery how *Leaves of Grass* sprang from Whitman in 1855: given the undistinguished character of his preceding writings. He published it at his own expense, and promoted it by anonymously contributing glowing reviews to newspapers. He need not have done so; Emerson was ravished by the book and other eminent critics agreed. Praise was not, however, unanimous, and many readers found it obscene. But once it was launched, Whitman's name was made. The book went through many editions, with Whitman adding to it and changing it constantly.

The largest single addition is the sequence of poems called *Drum Taps*, recording Whitman's Civil War experiences as a visitor to victims of battle in Washington's hospitals. Despite the deep emotion of these poems, they are not in the same class as the centrepiece of *Leaves of Grass*, the extraordinary *Song of Myself*. Whitman saw himself as the spokesman of that new human phenomenon, the American individual, a robust and democratic free spirit striding into a confident future. The "I" of the poems is this overflowing character, embracing as a birthright everything good in life: sex, joy, independence, the wild woods and the comradeship of man.

There is much beauty in Whitman's poetry, but it can also be pompous and bathetic. Whitman spent his last years paralysed by strokes, living modestly in a grimy New Jersey suburb. His reputation grew steadily, and among those who read and admired him were Swinburne, Yeats and D.H. Lawrence – even, Callow tells us, Vincent van Gogh in Arles. With his flowing white hair and beard he looked to one visitor like "a great old Angora Tom". To the last he kept his secrets: was he homosexual? What were his real views of slavery? Callow, if he knows, keeps us guessing; but at the same time gives us a compelling portrait of the poet and his place and time.

A.C. Grayling

Mysterious tales

OVER THE past several years Oxford University Press have brought out a series of anthologies devoted to the literature of crime, mystery and detection, specialising in the Victorian period. In collaboration with R.A. Gilbert, Michael Cox edited two of these volumes *The Oxford Book of English Ghost Stories* and *Victorian Ghost Stories: An Oxford Anthology*. Now, on his own, he has produced a fat collection of some 31 tales, with a knowledgeable and useful introduction, under the title *Victorian Tales of Mystery and Detection*.

VICTORIAN TALES OF MYSTERY AND DETECTION
edited by Michael Cox
Oxford £17.95, 578 pages

The addicted reader of mysteries will find some expectable, now quaint, period elements: heathen idols, swarthy Mediterraneans, secret sects, not to mention exotic and seductive women, blunt Americans, thieving clerks (and gentlemen crooks as well). He will also find some familiar stories, favourite classic authors like Poe ("The Purloined Letter"), Le Fanu ("The Murdered Cousin"), Dickens ("Hunted Down"), Wilkie Collins ("Who Killed Zebedee?"), plus – inevitably – two contributions of Sir Arthur Conan Doyle, one with Holmes ("Adventure of the Blue Carbuncle") and one without ("The Lost Special").

In the 19th century when popular periodicals were numerous, the short story reigned supreme, and Sir Arthur was only the most enduring of dozens of practitioners. Various Victorian detectives, revived in this book, herald later celebrities: there are several ancestors of the elegant, flippant Sir Peter Wimsey as there is more than one armchair detective, who solves his cases without leaving his study, using only ratiocination (or "little grey cells," as a famous Belgian used to say).

What is most fascinating about the these stories is the indirect picture of Victorian life they give. Trains figure prominently, as does the postal system (both operating with an often-remarked efficiency that today's metropolitans can only envy). Commuting was in its early stages, and the flight from the city had just begun.

We not only learn about the geography of suburbia but also about its xenophobia.Cox singles out "Alessandro Pozzone", which was published first in a monthly called *Belgravia* in 1878, as "the beginnings of a new era", the heyday of the "objective record of evidence and circumstance within a circumscribed location, and with a single ingenious idea at its heart". But the new era was certainly as wide-ranging in its choice of subject and style as the earlier period had been, and this mammoth Oxford volume illustrates the richness of that lamented literary harvest.

William Weaver

Coffee table travel

RECESSION or not, coffee table travel books are still thudding from the presses, many of them distinguished by standards of photography and reproduction that seem realer than reality.

A good example: The Nature of Russia by John Massey Stewart, published by Boxtree (£17.99) and based on Anglia Television's *Survival* series. The TV films were first-rate and so is the book, which includes more than 100 specially commissioned pictures, some from previously inaccessible areas. One day, wildlife tourism may be as important to the former Soviet Union as it now is to Africa. This book tells why.

The same could be said of Indonesia, and of Wild Indonesia by Tony and Jane Whitten, with photographs by Gerald Cubitt (New Holland Publishers, £24.99). Indonesia is made up of more than 13,000 islands: an archipelago of immense beauty and biological importance whose protection has become one of the biggest ecological issues of our time. This Is Zimbabwe, by Peter Joyce (New Holland, £19.99), was also photographed by Gerald Cubitt. It is not quite as ambitious as the Indonesian book, but Cubitt's work is – again – a wonder.

From the sublime to – well, Timpson's English Villages, by John Timpson, with pictures by Michael Stead (Headline Book Publishing, £19.99). Timpson says he has avoided a surfeit of maypoles and morris dances; instead, he chose his villages to reflect the quirkier aspects of English social history, and in that he has succeeded.

More specialised is Portrait of the Tweed, a celebration of the Borders landscape by Ian Bavington Jones, who also took the pictures (Cassell, £20). The author takes a year in the life of the river, tracing it upstream, season by season, to its source in the remote moorland of upper Tweedsdale. Plenty of legends and anecdotes. Just as attractive is Highland Sketchbook – A Year in Glen Esk, by Derek Robertson (HarperCollins, £17.99), which mixes diary and artwork from a year-long journey through Glen Esk, in the foothills of Scotland's Grampian mountains. And there are those who will enjoy Queen Victoria's Scotland by Michael Stead, who also took the photographs (Cassell, £17.99), which draws on the queen's journals as well as historical accounts to trace her progress through the Highlands.

Some of the best photography on offer is Tom Kelly's, in Ireland: The Living Landscape (Roberts Rinehart, £17.95), which has text by Peter Somerville-Large and poems by Seamus Heaney. Kelly, says the publisher, is considered Ireland's greatest landscape photographer. Some of the work here is good enough to make your heart stop.

Egypt is a crowded market in the coffee table stakes, but Egypt, by Peter Stocks, with photographs by David Couling (George Philip, £19.99), merits attention. Far more unusual is A Historical Atlas of the Jewish People, edited by Eli Barnavi (Hutchinson, £30). It is beautifully produced and spans more than three millennia. There are nearly 1,000 maps, plus drawings, photographs, chronologies and commentaries by dozens of experts. The atlas covers all main themes of the Jewish experience: prehistory, biblical background, tribal movements, revolts, wars, religious developments and the growth and shaping of the Jewish faith. Where it can, it touches on language, literature, art and music. First rate.

Also beautifully produced is Christopher Saxton's 16th Century Maps (Swan Hill Press, £14.95). In the 1570s, under the authority of Elizabeth I, Saxton, a Yorkshireman from Wakefield, surveyed and drew maps of all the counties of England and Wales. This is a facsimile edition of the hand-coloured copies of Saxton's maps from the library at Chatsworth House, with an introduction by Prof William Ravenhill of Exeter University.

For those who like their travel in bitefuls, Michael Palin's Pole to Pole (BBC Books, £16.95) is easily recommended. Nice idea: pole-to-pole along the line of longitude 30°E (Leningrad, Istanbul, Luxor, etc). And more first-rate photography: Basil Pao.

Michael Thompson-Noel

Appalling, but never boring

JEFFREY Bernard has made a living out of failure: not a good living but an interesting one. He failed at school, failed with his mother, failed with four wives and a reputed 500 mistresses, failed as a novelist, failed to give up drinking, frequently failed as a journalist. He even failed to commit suicide successfully on numerous occasions.

Finally his failure made him a modest fortune when old pal Keith Waterhouse transmogrified the "Low Life" column in *The Spectator*, Bernard's weekly diatribe on his purgatory, into a stage play. With Peter O'Toole playing the anti-hero, *Jeffrey Bernard is Unwell* was a surprise hit, providing enough money for Bernard to pay off his income tax.

Now comes his biography, stoically written by Graham Lord. (Bernard failed to deliver an autobiography despite accepting advances from three publishers and running an ad. asking for information as to what he was doing between 1960 and 1974). Rarely can a biographer have painted such an honestly unbecoming portrait of his subject.

JUST THE ONE
by Graham Lord
Sinclair-Stevenson, £16.00, 340 pages

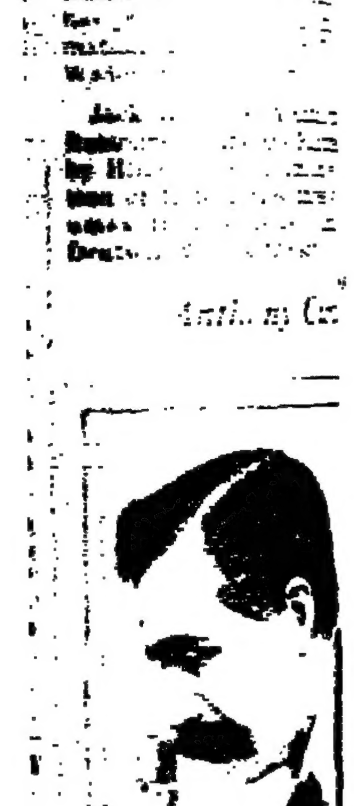
For years Bernard got away with stealing from friends, seducing their wives, selling his body, throwing up over the Queen Mother and much more because he was handsome and witty, with upper middle-class charm. But, as Francis Bacon put it, "What are you going to do now, Jeffrey, now that your looks are gone?"

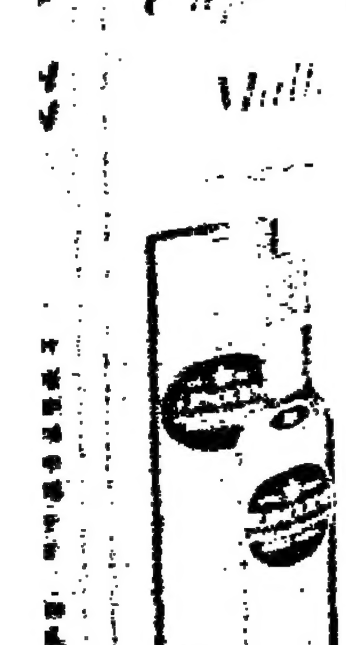
The answer was obvious. Bernard, now 60, has spent the past 20 years re-telling the horror stories of the first 40 years of his life. Lord has padded these out by talking to his ex-wives (generally hostile) and girlfriends, and his old boozing partners. Bernard has heroically co-operated, although his memory is blurred for the many years when he was almost totally drunk.

Lord's own horror stories are breathtaking. Bernard ignoring his mentally disturbed sister when she became a Soho bag lady; Bernard coming to terms with the fact that his third wife had a daughter even though he was sterile; Bernard going drinking on his honeymoon night (probably a recurring phenomenon).

In his "End Piece" Lord tries to make the best of Bernard, on the lines that "he brightened our lives". But this hardly excuses the overwhelming selfishness which has enabled him to trample on so many people. As the book says, Jeffrey Bernard rarely laughs, but he might smile at his contribution to a biography which is appalling but never boring.

Antony Thorncroft





TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand. Including at 12.20 Football: Looking ahead to the weekend's action and reviewing last week's FA Premier League games. 12.40 Racing from Cheltenham: The 12.45 Pat Taaffe Novices Chase. 12.55 Football. 1.10 News. 1.15 Racing: The 1.20 Arlington Bula Hurdle Race. 1.30 Skiing from Italy: The men's downhill championship. 1.50 Racing: The 1.55 AF Budge Gold Cup (H'cap). 2.05 Rallycross: Featuring Britain's newly-crowned European Champion, Will Gollop. 2.25 Racing: The 2.30 Chris Coley Racing Hurdle Race. 2.40 Rallycross: Continued coverage. 2.55 Swimming from Sheffield: The ASA Winter Championships. 3.35 Tennis from Munich: The Grand Slam Cup. Steve Rider introduces the first of the semi-finals. 4.40 Final Score. Times may vary.
5.05 News.
5.15 Regional News and Sport.
5.20 Dad's Army. The ever-resourceful Capt Mainwaring calls on Walmington-on-Sea's townswomen to help the local war effort.
5.50 Big Break. Snooker players David Taylor, Joe Swaile and Nigel Bond assist contestants in the general knowledge and snooker quiz.
6.20 Noel's House Party. Noel Edmonds introduces another fun-packed edition of the popular entertainment show. Parents are confronted by their offspring's revealing view of them and a celebrity is invited to Grab a Grand. Plus, another viewer's home is invaded in NTV.
7.15 The Royal Variety Performance. The Prince and Princess of Wales are the guests of honour at London's Dominion Theatre. Singer-songwriter Barry Manilow tops the bill, which includes Michael Crawford, Spanish soprano Montserrat Caballe, and Latin American songstress Gloria Estefan.
10.15 News and Sport; Weather.
10.35 Match of the Day. Highlights from two of today's FA Premier League games.
11.35 Film: The Visitor. Horror film. Starring Glenn Ford. (1979).
1.10 Weather.
1.15 Close.

BBC2

8.00 Open University. 9.05 Film: I Remember Mama. 11.15 Michael Barry's Choice Cuts. 11.25 Bird's Eye View. 12.15 pm Film: Sun Valley Serenade.

1.40 Animation Now.
1.50 Network East. Writer Amitav Gosh talks about his third novel In An Antique Land, and his quest to discover more about Egyptian medieval life.
2.20 Tanhaiyan.
3.00 Film: The Quiet Man. Retired prizefighter played by John Wayne returns to his native Ireland and upsets squire Victor McLaglen. Oscar-winning comedy, with Maureen O'Hara (1952).
5.05 The Summit Gala Concert. Highlights of the concert, given earlier this week at the Usher Hall, Edinburgh, as a prelude to the European Summit.
6.00 Scrutiny. The work of the House of Commons' Select Committees.
6.30 News and Sport; Weather.
6.45 Pole to Pole. Last in series.
After five months and 23,000 miles, will Michael Palin's journey be rewarded with success or capped by failure?
Shown Wednesday on BBC1.
7.35 A Temporary Arrangement with the Sea. Exploring Dutch composer Louis Andriessen's contribution to 20th century music. He is noted for his music from his award-winning collaboration with film director Peter Greenaway.
Advent Calendar.
8.35 Have I Got News for You. Author Douglas Adams and writer, actor and comedian Peter Cook join team captains Ian Hislop and Paul Merton.
9.05 Performance: Six Characters in Search of an Author. Last in series. Michael Hastings's version of Luigi Pirandello's classic play. During the filming of a 1940s B-movie, a family burst into the studio to tell their story of personal tragedy, shame and despair. Intrigued by their plight, the director decides to dramatise it for the screen. Starring John Hurt, Brian Cox, Tara Fitzgerald and Patricia Hayes.
10.40 Film: La Ronde. Sophisticated comedy following the romantic liaisons of several couples. Anton Walbrook and Simone Signoret star (1950).(English subtitles).
12.15 Saturday Night Live. Last in series. Music by Morrissey.
12.50 Close.

LWT

6.00 TV Am. 9.25 What's Up Doc? 11.30 Movies, Movies, Movies. 12.00 The ITV Chart Show.

1.00 ITN News; Weather.
1.05 LWT News and Weather; The Day.
1.10 Highdays and Otherdays. Jenny Bristow prepares food and drink for the season.
1.40 Snooker: World Matchplay. From The Dome, Doncaster, for a first prize of £70,000.
4.10 Dinosaurs. Robbie is beaten up by hoodlums.
4.40 ITN News and Results Service; Weather.
5.00 LWT News; Weather.
5.05 Cartoon Time.
5.15 Beverly Hills 90210. After coming to terms with his adoption, Steve begins the search for his real parents. Starring Jason Priestley, Shannen Doherty and Ian Ziering.
6.05 Denis Norden's Laughter File. A collection of TV mishaps.
7.05 Beadle's About. Jeremy Beadle introduces jokes on members of the public.
7.35 Film: Columbo: Rest in Peace Mrs Columbo. Peter Falk plays the detective, who buries his wife. A vicious psychopath complicates matters. (TVM 1991).
9.20 World Championship Boxing. Nigel Benn v Nicky Piper from London's Alexandra Palace. Nigel Benn defends his WBC super-middleweight title.
10.05 ITN News; Weather.
10.20 LWT Weather.
10.25 Richard Digance.
11.25 Snooker: World Matchplay. The closing frames of the final from The Dome in Doncaster; **Digging in the Dirt.**
1.05 Almost Grown.
2.05 Lisa Stansfield - All Around the World.; ITN News Headlines.
3.05 The Big E.
3.55 Get Stuffed; ITN News Headlines.
4.00 Coach.
4.30 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 10.00 Running High. 10.30 Gazzetta Football Italia - with Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On: Deaf World. 12.30 pm Songs and Memories.

1.00 Racing from Doncaster. Including the 1.10 Charles Sydney Novices' Hurdle, 1.45 Constan Security Handicap, 2.15 Doncaster Exhibition Centre Handicap Hurdle and the 2.45 Freebooter Novices' Chase. Introduced by Derek Thompson.
3.10 Film: The Reluctant Debutante. Rex Harrison and Kay Kendall as parents anxious about their daughter's romance with an American dance-band drummer. John Saxon and Sandra Lee play the young lovers. (1958).
4.55 Closed Mondays. Claymation. Will Vinton and Bob Gardner's after-hours visit to an art museum.
5.05 Brookside.
6.30 Right to Reply. Sheena McDonald introduces viewers' reports.
7.00 A Week in Politics. Vincent Hanna and Andrew Rawnsley with parliamentary news.
8.00 The Big Battalions. Gil's military service comes to an horrifying end when he is assigned to a surveillance operation. Starring Brian Cox and Jane Lapotaire.
9.00 Americana. New series. Jonathan Ross presents three programmes about the USA. The first examines food as Jonathan attempts to consume a four-pound beef and potato meal and learns to cook tasty meal - on a car engine and in a dish-washer. He also visits the museums for the Big Mac and Kentucky Fried Chicken, and takes a break at a 24-hour roadside cafe in Florida with naked waitresses.
10.00 Film: Danton. Gerard Depardieu as the idealistic Frenchman fighting to alter the bloody course of the French Revolution. Wojiech Pszoniak also stars as the despot Robespierre in this historical drama set in 1792 (1982).(English subtitles).
12.35 Let the Blood Run Free.
1.05 The Happening.
2.05 The Word.
3.05 Film: The Squeaker. Suspense thriller starring Edmund Lowe, Sebastian Shaw, Ann Todd, Robert Newton and Alastair Sim. (1937).
4.25 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 1.10 WCW Worldwide Wrestling. 2.05 Snooker: World Matchplay. 5.00 Anglia News and Sport 10.20 Regional Weather.

BORDER: 1.05 Border News. 1.10 Granada Sport. 2.05 Snooker: World Matchplay. 5.00 Border News and Weather 5.10 Sports Results.

CENTRAL: 1.05 Central News 1.10 Cartoon Time. 1.20 WCW Worldwide Wrestling. 2.05 Snooker: World Matchplay. 5.00 Central News 5.05 The Central Match - Goals Extra.(.) 10.20 Local Weather.

CHANNEL: 11.30 The Munsters Today. 1.05 Diary Dates. 1.10 TVS Sporting Decade. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN: 1.05 Grampian Headlines 1.10 Calptean Planald, 5.00 Grampian Headlines and Weather 10.20 Grampian Weather.

GRANADA: 11.30 Zorro! 1.05 Granada News 1.10 Granada Sport. 2.05 Snooker: World Matchplay. 5.00 Granada News 5.10 Granada Goals Extra.

HTV: 1.05 HTV News. 1.10 Disaster Chronicles. 5.00 HTV News and Sport

HTV Wales as HTV except: No variations.

SCOTTISH: 1.05 Scotland Today. 1.10 Calptean Planald. 5.00 Scotsport Results. 5.05 Scotland Today 10.20 Scottish Weather.

TSW: 11.30 The South West Week. 1.05 TSW News. 1.10 Superman. 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 10.20 TSW Weather.

TVS: 11.30 The Munsters Today. 1.05 TVS News. 1.10 TVS Sporting Decade. 5.00 TVS News.

TYNE TEES: 1.05 Tyne Tees News. 1.10 Motorsport Special. 5.00 Tyne Tees Saturday.

ULSTER: 11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.20 Wrestling. 2.05 Snooker: World Matchplay. 4.35 Goal of the Week. 5.00 Ulster News 5.05 Saturday Sport. 10.20 Ulster Newstime

YORKSHIRE: 11.30 The Mountain Bike Show. 1.05 Calendar News. 1.10 The A-Team. 2.05 Snooker: World Matchplay. 5.00 Calendar News.

S4C Wales as Channel 4 except:- 6.55 Early Morning. 10.00 Jelfin. 12.00 Happy Days. 12.30 The Cosby Show. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocyn Tymor. 9.45 Sex. 10.45 Americana. 11.45 The Fog. (1979)

SUNDAY

BBC1

7.45 Film: Every Girl Should Be Married. 9.05 Good Morning with Anne and Nick - Advent Calendar. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! 11.00 Careering Ahead. 11.30 Mosaic.

12.00 Advice Shop. Helen Madden presents the welfare rights magazine.
12.30 CountryFile. Environmental and agricultural news.
12.55 Weather for the Week Ahead; News.
1.00 On the Record. Political interviews, with Jonathan Dimbleby and John Cole.
2.00 EastEnders.
3.00 Eldorado.
3.30 Film: Columbo: A Stitch in Crime. Peter Falk is the dishevelled detective. He encounters an homicidal surgeon played by Leonard Nimoy.
4.40 Biteback. With Sue Lawley.
5.20 The Clothes Show. Live from London's Earl Court with more than 250 exhibitors.
5.45 The Borrowers. Final part of the drama, adapted from Mary Norton's books for children, about a family of thumb-sized kleptomaniacs scratching a living on the fringes of human society. Starring Ian Holm and Penelope Wilton.
6.15 Weather Watch.
6.25 News.
6.40 Songs of Praise. Pam Rhodes joins local choirs and congregations as they sing carols along the gaslit stations of the Worth Valley Railway. With the Hallroyd Brass Band.
7.15 Last of the Summer Wine.
7.45 Sports Review of the Year 1992. With Desmond Lynam and Steve Rider and with clips from the Barcelona Olympics.
9.35 News and Weather.
9.50 One Foot in the Grave. Last in series.
10.20 Everyman. In 1994, Grimethorpe Colliery would have celebrated 100 years of production. Instead, on October 13 the town learnt that within three weeks the pit would close. Everyman's A Job for Life looks at what happens when a community loses its sense of purpose.
11.00 Doogie Howser, MD.
11.25 Bellamy Rides Again.
11.55 Tanhaiyan. (English subtitles).
12.35 Weather.
12.40 Close.

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies! 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Bites. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats! 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 The Staggering Stories of Ferdinand De Bargos.
2.00 Around Westminster. A review of the week in politics.
2.30 Ocean Challenge. Ten yachts set out from the Solent on the first leg of the round-the-world race.
3.00 Film: The Searchers. John Ford Western. John Wayne plays an American Civil War veteran whose family is slaughtered by Red Indians. (1956).
5.00 Rugby Special. Highlights of second round matches in ADT Divisional Championship.
6.00 Ski Sunday. Action from the Salslong run in Val Gardena, Italy.
6.35 The Money Programme. Does ICI's plan to separate its pharmaceutical division from its bulk chemical operation represent a cosmetic fund-raising decision?
7.15 Realms of the Russian Bear. On the fauna of Siberia's Lake Baikal; the oldest, deepest and, by volume, largest lake in the world. Nikolai Drozdov watches from a submersible the remarkable creatures which inhabit the icy lake; **Advent Calendar.**
8.05 Funny Business.
8.55 Did You See? Discussing BBC2's Bookmark, ITV's The Blackheath Poisonings and the final edition of ITV's This Week.
9.25 The Great Game. The republics of Central Asia have once again become independent states, after years of being virtually closed to foreigners. The programme investigates the new power struggle for control of the region.
10.15 The Cry. Francis Grier of Tottenham, North London, writes the music and selects images for The Cry of Mary, a music video shot in Bengal to celebrate Advent. Poems by the Bengali writer Rabindranath Tagore provide a deeper understanding of The Virgin Mary's experiences.
10.40 Film: Racing with the Moon. Sean Penn and Nicolas Cage star in wartime romance. (1984).
12.25 Grand Slam Tennis. From the Munich Olympiahalle.
2.00 Close.

LWT

8.00 TV Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 ITN News and Weather; The Day.
1.10 Disney's Sports Special.
2.00 Bullseye.
2.30 The London Match. Watford v Charlton. With highlights of the match between Oxford and Leicester.
5.05 Baywatch.
6.00 Wish You Were Here. Judith Chalmers and John Carter sample the delights of Spain and Alaska. Floella Benjamin explores Blackpool.
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Appeal. Claire Rayner appeals on behalf of the Downs Syndrome Association.
6.45 Highway. Sir Harry Secombe visits Linlithgow in West Lothian. Scottish actor Ian Bannen reads from the Bible. Music by Alastair MacDonald and jazz singer Carol Kidd.
7.15 Second Thoughts.
7.45 A Touch of Frost.
9.45 ITN News; Weather.
10.00 LWT Weather.
10.05 The New Statesman.
10.35 The South Bank Show. With the sculptor Jeff Koons who shot to fame in the early 1980s. His exhibition, Ushering in Banality, featured reproductions of fluffy toys.
11.35 London Lecture. Simon Jenkins of the London School of Economics discusses the effects of recession on property development.
12.10 Cue the Music.
1.10 Get Stuffed; ITN News Headlines.
1.15 The ITV Chart Show.; ITN News Headlines.
2.15 Film: Death Ride to Osaka. Drama about young, innocent entertainers who end up in a prostitution ring. Jennifer Jason Leigh stars (TVM 1983).
4.00 Pick of the Week.
4.30 Memories of 1970-1991.

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.40 pm Leonardo Da Vinci. 12.45 The Perfect Fit.

1.15 Football Italia.
3.30 Film: The Black Swan. Reformed buccaneer Tyrone Power embarks on a high-seas adventure to bring pirate George Sanders to justice. Also starring Maureen O'Hara, Laird O'Hara, Laird Cregar and Thomas Mitchell (1942).
5.05 Bottom's Dream. Animation by John Canemaker.
5.10 News.
5.15 High Interest: Saving the American Dream. As Bill Clinton prepares to take Presidential office, High Interest looks at the policies for growth intended to lead America back to prosperity.
6.00 The Miraculous Mellops. The Kombi lands on the moon, much to the Grand Baby's delight. Australian SF series.
6.30 The Cosby Show.
7.00 Equinox: The Elements. Poet Roger McGough presents a guide to the chemical elements which make up life on Earth. Although all things were first perceived to be made of earth, air, fire and water, more than 100 elements are now known to exist and the list is growing. The programme focusses on the discovery of gold, phosphorus, carbon, and a yet-unnamed 109th element which exists for only a fraction of a second.
8.00 Poetry in Motion. Playwright John Mortimer explores vice and villainy. He discusses Alfred Noyes' Highwayman, Oscar Wilde's Murderer in Reading, and Gavin Ewart's Brilliant Spy. He also examines Malcolm Muggeridge's view of God as a master dramatist, and considers Milton's and Shelley's visions of Satan.
8.30 American Football.
10.00 Film: Danger Within. Richard Todd, Bernard Lee, Richard Attenborough and Michael Wilding break out of a PoW camp. (1960).
11.50 After the Gulf. Four short films about the Gulf War, including In Search of the Shalma, about slaughter in a Baghdad bomb shelter; and Eclipse of the Black Night, where the war is followed on a US news channel.
1.10 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.20 Gardening Time. 12.50 Anglia News. 1.10 Frank Sinatra. 2.10 Get Wet. 2.45 Fathom. (1967) 4.30 Baywatch. 5.30 Bullseye. 6.00 Animal Country. 6.35 Anglia News. 10.00 Regional Weather. 11.35 The Twilight Zone.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 1.10 The Life and Times of Grizzly Adams. 2.00 Memories of 1970-1991. 2.45 The Central Match - Live. 5.00 Magic in the Magic Kingdom. 5.55 Cartoon Time. 6.00 Bullseye. 6.35 Central News 10.00 Local Weather. 11.35 The Equalizer.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 1.10 Long White Trail. 1.45 Cartoon. 2.00 The New Adventures of Black Beauty. 2.30 Cat From Outer Space. (1978) 4.15 Cartoon. 4.30 Bullseye. 6.00 Animal Country. 6.35 Channel News. 11.35 Twilight Zone.

GRANADA: 12.25 What the Papers Say. 12.55 Granada News 1.10 Disney Cartoons. 2.00 Granada Action with the A Team. 2.30 Tommy the Toreador. (1959) 4.00 Wish You Were Here? 4.30 House Style. 5.00 Bullseye. 5.30 Coronation Street. 6.35 Granada News 11.35 Prisoner: Cell Block H.

HTV: 12.30 The Nature of Things. 12.55 HTV News. 1.10 Monster Truck - Racing to the Finish. 1.55 WCW Worldwide Wrestling. 2.45 The West Match Live. 5.30 Bullseye. 6.00 Animal Country. 6.35 HTV News. 11.35 Vengeance.

HTV Wales as HTV except: 2.45 Challenge of the Seas. 3.10 Satan Never Sleeps. (1962)

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Until the Break of Day. 12.55 Scotland Today. 1.10 The Wonderful of Disney. 2.00 Scottish Books. 2.30 Carry On Sergeant. (1958) 4.05 Baywatch. 5.00 Scotsport. 6.00 Take the High Road Documentary. 6.35 Scotland Today. 10.00 Scottish Weather. 11.35 Satan's Triangle. (TVM 1975)

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 1.10 Rober Whittaker Live from Tivoli. 2.15 Gus Introduces Frootie Tooties. 2.25 Highway to Heaven. 3.20 John and Julie. (1955) 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.00 The Absolute Beginner's Guide to Cookery. 6.35 TSW News. 10.00 TSW Weather. 11.35 Prisoner: Cell Block H.

TVS: 12.30 News. 12.35 Agenda. 1.10 Long White Trail. 1.45 Cartoon. 2.00 The New Adventures of Black Beauty. 2.30 Cat From Outer Space. (1978) 4.15 Cartoon. 4.30 Bullseye. 6.00 Animal Country. 6.35 News. 11.35 Twilight Zone.

TYNE TEES: 12.25 Wild World of the East. 12.55 News. 1.10 Asterix the Gaul. (1967) 2.30 The Match. 5.00 Animal Country. 5.30 Bullseye. 6.00 Parents. 6.35 News. 11.35 The Migrants. (1974)

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 News. 1.10 The 1992 Biggin Hill International Air Fair. 2.00 Highway to Heaven. 2.55 Your Match - Live. 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Weather - Week Ahead. 10.00 Weather. 11.35 The Migrants. (1974)

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read That Again. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 The Album in Memoriam. 5.00 Cinema 2. 5.30 The Great Musicals. 6.00 60s Spectacular. 7.00 Behind the Hits. 7.30 Salute to Lord Cheshire. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.35 Open University.
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Mozart's Violin Sonatas.
2.45 Lovesongs, Laments and Loons.
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Fandango.
6.00 Live from the Met: Lucia di Lammermoor.
9.30 The Last Viking.
10.00 Peter Lawson.
10.45 Third Opinion.
11.30 Impressions.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 The Suicide Club.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service: Newshour.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.00 Sportsdesk.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.20 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe Tonight Special. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Words of Faith; Book Choice; A Jolly Good Show. 12.00 Newsdesk. 12.30 Play Of The Week: Zuleika Dobson. 2.00 Newsdesk; Europe At The Time. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News. 4.15 For Better for Worse. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love.
6.00 Classic America. (rs)
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
3.00 Andre Leon.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Nick Barraclough's New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World.
1.20 BBC Symphony Orchestra.
3.05 Nash Ensemble.
4.30 Anne Sofie von Otter (o).
5.15 Scarlatti.
6.30 Endellion Quartet.
7.30 Tender is the North.
9.35 Critics' Choice.
11.20 Music in Our Time.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.00 News.
8.10 Sunday Papers.
8.50 Claire Rayner.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Sue Limb in Wotton-under-Edge.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile.
7.00 The Best of Fear on 4.
7.30 Bookshelf.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 With Great Pleasure.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service; Newshour.
6.30 Weekend Edition.
9.30 Tin Tin.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Sunday Brunch.
1.40 Open Forum.
2.00 Animal Talk.
2.30 The Mark Steel Solution.
3.00 Sunday Sport.
6.00 Writers' Weekly.
6.30 Education Matters.
7.15 How We Lived Then.
7.30 Italianissimo.
8.00 Restart French.
8.30 Deutsch Express.
9.00 Box 13.
9.30 Club Class.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Short Story: Encounter On A Train. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 Play of the Week: Zuleika Dobson. 1.00 Newshour. 2.00 News Summary. 2.01 Out Of The Air. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.20 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; In Their Element. 1.45 Jerome Kern Among Friends. 2.00 Newsdesk. 2.30 Composer Of The Month: Sir Michael Tippett. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 World News. 4.15 On Screen. 4.30 Waveguide. 4.45 Programmes in German.

CLASSIC FM 6.00 Sarah Lucas.
9.00 Classic Romance.
12.00 CD Requests.
2.00 Celebrity Choice.
3.00 Robert Booth.
7.00 Authentic Performance.
8.00 Classic FM Concert.
10.00 Sunday Night Out at Smollensky's.
11.00 Contemporary Classics.
12.00 Andre Leon.
2.00 Classic Romance.
3.00 Andre Leon.

CHESS & BRIDGE

RAPID CHESS is the growth market of the international circuit. This week, 80 grandmasters – headed by Shirov, Adams and the Polgar sisters – have competed at Oviedo, Spain, with 45 minutes a player per game and a prize fund of £30,000. An early surprise was the loss by England No. 4 John Nunn to a 12-year-old Vietnamese girl.

Talent at quick chess is not just youth and fast reflexes. The late Mikhail Tal won the world blitz (five-minute) title at 51 and said: "I walked round the press room, smoked a few cigarettes and sacrificed some pieces."

Tal's quip reveals a key technique. Speculative ventures often succeed in rapid games. Sacrificing material for inconclusive returns gains clock time and can spark errors.

Here is an example, from the master, at the 1987 world blitz (M Tal, White; A Karpov, Black. Caro-Kann; Brussels 1987).

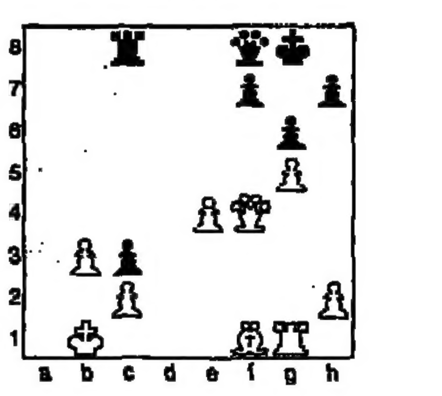
1 e4 c6 2 c4 d5 3 exd5 cxd5 4 cxd5 Nf6 5 Nc3 Nxd5 6 Nf3 Nxc3? If at once g6 7 Bc4 Nxc3 8 Qb3, but 6 ... Nc6 is simpler.

7 bxc3 g6 8 d4 Bg7 9 Bd3 0-0 10 0-0 Nc6 If Nd7-f6, Black's king is safe but White's pawns roll by c4 and d5. 11 Re1 Re8 If Bg4 12 Be4 Rc8 13 Bg5 (Nunn-Petrosian, 1982) favours White.

12 Bg5 Be6?! Karpov's new idea, provoking a sacrifice. Tal doesn't hesitate. 13 Rxe6! fxe6 14 Bc4 Qd6 15 Qe2 Nd8 16 Re1 Rc8 17 Nd2! Kh8. Black is passive, so it is hard to find a plan. White threatened Ne4-c5.

18 Ne4 Qc7 19 Bb3 e5 20 h4! exd4 21 h5 gxh5 22 Qxh5 Rf8 23 Bc2 Qe5. Karpov relied on this resource, but Tal can sacrifice his second rook for mate. 24 Ng3! Qxe1+ 25 Kh2 h6 26 Bxh6 Kg8 27 Bxg7 Rxf2 28 Qh7+ Kf7 29 Qg6+ Kg8 30 Bh6+ Resigns. Wonderfully inventive play at such speed.

No. 952



G. Kaidanov v J. Fedorowicz, US Open 1992. Grandmaster Fedorowicz gave up a bishop for this position as Black, but missed the right move and lost.

Solution Page XXII

Leonard Barden

CLEVER BRIDGE Tricks, by Brian Senior, has been re-issued by Faber at £6.99. It tells you all about deceptive plays, for declarer and defenders. In today's hand, it is the declarer who weaves the web:

N
♠ K 2
♥ A J 10 8 3 2
♦ 10 5
♣ J 6 4

W
♠ A 5 4
♥ Q 7
♦ A K 9 3 2
♣ A 7 3

E
♠ J
♥ 9 6 5
♦ J 8 7 4
♣ Q 10 9 8 2

S
♠ Q 10 9 8 7 6 3
♥ K 4
♦ Q 6
♣ K 5

With neither side vulnerable, South deals and opens with three spades – not the type of three-bid which many players would choose – and West doubles. Such a double is usually for take-out but, on this occasion, it was said to be for penalties. This ended the auction.

West made ace and king of diamonds, then the ace of clubs, and continued with the seven. What line of play do you suggest? You have lost three tricks. To make your contract, you must avoid the loss of two trump tricks. It is natural to assume that West holds ace, knave and another spade, but that is not certain. Is there any way of finding the truth?

You must try deception. Cover club seven with dummy's knave; this suggests that you hold three clubs. The queen covers and your king wins. Cash your king of hearts, lead the six of spades to create the impression that you want to enter dummy and discard your losing club on the heart ace.

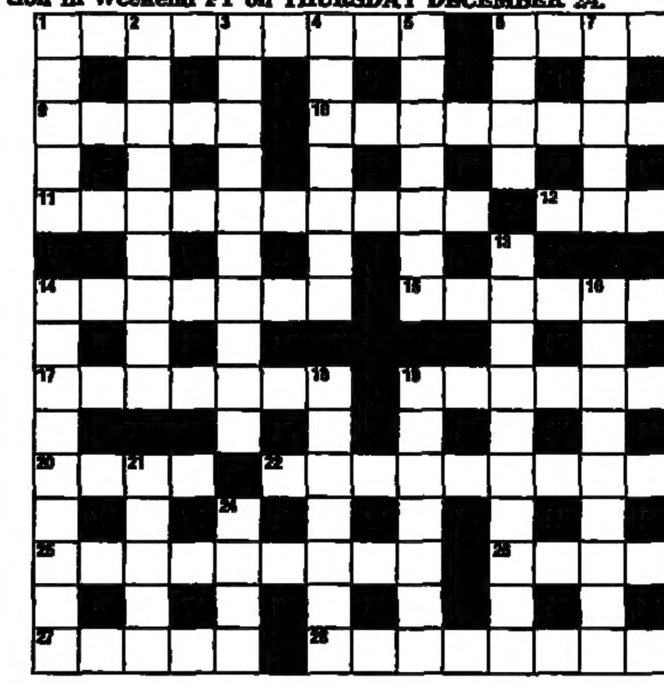
If West does not hold the spade knave, he will rise with his ace, hoping to cash another club trick. You ruff, and you can draw the trumps without further loss. But should he hold ace, knave and another spade, he will play low, hoping to make two trump tricks. You simply finesse the six, which holds the trick. It makes you think, doesn't it?

E.P.C. Cotter

CROSSWORD

No. 8,027 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £15. Solutions by MONDAY DECEMBER 21, marked Crossword 8,027 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution in Weekend FT on THURSDAY DECEMBER 24.



Name...

Address...

ACROSS

1 Dwarf missile takes time to reach island (9)
6 Some like to keep some time for racing (5)
9 Economist of time or money? Vice versa? (5)
10 Driven away and departed without a bit of time (9)
11 Time scheme gives company honour and glory (10)
12 Maybe one at a time (4)
14 Time to shut should follow? Not far off (5,2)
15 Ready to move a long time ago (4,3)
17 Coincidence in time or space concerned with sound of waves (7)
19 "Foster-child of —— and slow time" (Keats) (7)
20 Time should be preserved (4)
22 Time seen by the fallen to breed tasty fruit (6,4)
25 Times at wicket or pub with English signs possibly (9)
26 Representative's time 's not short (5)
27 Cancel time and direction (5)
28 Sort of wit to add salt to time without rain (3,6)

DOWN

1 Greek character (that's correct) with time to dance (5)
2 At no time increased, as the Raven said (9)
3 A Lent altar, maybe, in fast time (10)
4 Little time to flirt in mannered manner? (7)
5 No time's turning when you start with flowers (7)
6 Regular time of day (4)
7 What do you do at this time? It's only about five (5)
8 Shop girl called after time to motorway eating place (9)
13 Specially designed for learner, a road and time off (6-4)
14 Times' circulation this way? (9)
16 South-east's time's up going after manure in bags (9)
18 Short of time, unlike a volunteer? (7)
19 Scot's removed for all time, as it were (2,2,3)
21 Small-time pain by a knife in Africa (5)
23 Fabric for intimates when out of time (5)
24 Not repeated in former time (4)

Solution to Puzzle No.8,026

COLLEAGUE SHELF
L I X A R T R R
ENACT VARIEGATE
F B R O A M S E
TRIPARTITE BEAM
L C T I U A
EPISODE CANINES
F T V D O O
FLYLEAF STEPSON
E R R E R T
COCO WITCHCRAFT
T A S T U O L H
INDICATOR VAGUE
V R U E E I F
EVENT REDBREAST

Solution and winners of Puzzle No.8,015

CASTLE SLAPDASH
A H E A R L A
LEARNT AUTOBAHN
E N G C D M C G
NEGATION SPIKED
D R H L S T O
SHIN CLOTHESBAG
L F E R R L
SEALINGWAX LAND
H V E I T S E
EILEEN ATLANTIC
L O S A S K H I
VOCATIVE REFORM
E U A E I L A
SOMBRERO UNVEIL

J. Burden, Richmond, Surrey; J.M.L. Darby, Long Melford, Suffolk; Ann Haines, Sidmouth, Devon; Mrs M. Leese, Tunbridge Wells, Kent; M.S. Smith, Great Sampford, Essex; Mrs I. Tonkiss, Poulton-le-Fylde, Lancashire.

TELEVISION

SATURDAY

BBC1

7.00 Champion the Wonder Horse. 7.25 News. 7.30 Spider. 7.35 Animal World. 7.45 Quick Draw McGraw. 7.50 Litt' Bits. 8.15 Chucklevision. 8.35 Bucky O'Hare. 9.00 Going Live!

12.12 **Weather.**

12.15 **Grandstand.** Including at 12.20 Football: Looking ahead to the weekend's action from the FA Premier League and the second round of the FA Cup. 12.55 Racing from Chepstow: At 1.00 The Arlington Premier Chase. 1.10 News. 1.15 Boxing: Richie Woodhall v Arthur Serwano. 1.25 Racing: At 1.30 The Jack Brown Handicap Chase. 1.40 Boxing. 2.00 Racing: At 2.05 The Rehearsal Chase. 2.15 Skiing: The Men's Downhill Championship from Val d'Isere, France. Switzerland's Franz Heinzer begins the defence of his World Cup downhill title. 2.55 Rugby League: Warrington v Bradford Northern in round two of the Regal Trophy. 3.45 Football Half-Times. 3.55 Rugby League. Further coverage. 4.40 Final Score. Times may vary.

5.05 **News.**

5.15 **Regional News and Sport.**

5.20 **Dad's Army.**

5.50 **Big Break.** Snooker players Stephen Hendry, Peter Ebdon and Darren Morgan play against the clock and attempt to win the mystery prize for their partners.

6.20 **Noel's House Party.**

7.15 **Bruce Forsyth's Generation Game.**

8.15 **Casualty.** Starring Rula Lenska and Susan Penhaligon guest star.

9.05 **News and Sport; Weather.**

9.25 **Film: Weekend at Bernie's.** Premiere. Andrew McCarthy and Jonathan Silverman play two accountants who, fearing they will be blamed for the murder of their boss, pretend he is still alive, with comic results (1989).

11.00 **Match of the Day.** The best of the day's FA Premier League action, and highlights from ties in today's FA Cup second round.

12.15 **Film: Gymkata.** Starring Kurt Thomas (1985).

1.45 **Weather.**

1.50 **Close.**

BBC2

8.00 Open University. 9.05 Film: King's Row. 11.05 The Folk Tales of England. 11.25 Bird's Eye View. 12.15 pm Film: Stagecoach.

1.50 **Network East.** An insight into Asian fashion. Designer Wendell Rodericks discusses her sources of inspiration, which include the poetry of the Dalai Lama and the colours of Buddhist robes.

2.20 **Tanhalyan.**

3.00 **The Ice Puppy.** The difficult life of the harp seal. Born in large numbers, they learn to survive on their own after just a few days.

3.10 **Film: They Were Expendable.** John Wayne and Robert Montgomery in John Ford's Second World War drama about a squadron of torpedo boats in the Pacific (1945).

5.20 **Scrutiny.** The work of the House of Commons' Select Committees.

5.50 **Pole to Pole.** Michael Palin hears bad news when a North Zambian witch doctor called Baela announces he is under the influence of an 'evil shadow'. Shown Wednesday on BBC1.

6.40 **News and Sport; Weather.**

6.55 **Political Memoirs: Neil Kinnock - The Lost Leader.** The ex-Labour Party leader reviews his nine years in opposition. When Neil Kinnock took over from Michael Foot in 1983, Labour's long-term survival was in doubt. He set out to make the party electable by defeating Militant and revisisng policy. For the first time since he stood down after Labour's defeat, he talks about his political career.

7.35 **Song of the Night.** An insight into the imagination of Polish composer Karol Szymanowski. With excerpts from Stabat Mater and the First Violin Concerto, performed by the Warsaw National Philharmonic Orchestra; **Advent Calendar.**

8.35 **Have I Got News for You.**

9.05 **Performance: After the Dance.** Terence Rattigan's play, first performed in 1939. Starring Anton Rodgers, Gemma Jones, Imogen Stubbs and John Bird.

11.00 **Film: The Watchmaker of St Paul.** A middle-aged widower realises how little he knows about his son when the police reveal the boy is wanted for murder. French drama, starring Philippe Noiret and Jean Rochefort (1973).(English subtitles).

12.45 **Saturday Night Live.**

1.20 **Close.**

LWT

6.00 TV Am. 9.25 What's Up Doc? 11.30 A Conversation with Magic. 12.00 The ITV Chart Show.

1.00 **ITN News; Weather.**

1.05 **LWT News and Weather; The Day.**

1.10 **European Champions' League Special.** Ian St John and Jimmy Greaves preview the forthcoming match between Rangers and CSKA Moscow in Bochum, Germany. Walter Smith's team achieved a draw in their first group match against Marseille.

1.40 **Snooker: World Matchplay.** From The Dome in Doncaster. Commentary by Rex Williams, Mark Wildman, John Pullman and Dennis Taylor.

4.10 **Dinosaurs.**

4.40 **ITN News and Results; Weather.**

5.00 **LWT News; Weather.**

5.05 **Cartoon Time.**

5.15 **Beverly Hills 90210.**

6.05 **Gladiators.** Contestants compete in tests of strength and stamina in a bid to win £5,000 and the chance to appear on American Gladiators. Presented by Ulrika Jonsson and John Fashanu.

7.05 **Blind Date.**

8.05 **British Comedy Awards 1992.** Jonathan Ross is the host as celebrities from the world of comedy - including Clive Anderson, Michael Barrymore, Dawn French and Angus Deayton - celebrate their various achievements.

10.05 **Beadle's About.**

10.35 **ITN News; Weather.**

10.50 **LWT Weather.**

10.55 **Snooker: World Matchplay.** The world's top players compete at The Dome, Doncaster, for a first prize of £70,000. Commentary by Rex Williams and Mark Wildman.

12.30 **Almost Grown.**

1.30 ***The Big E.***

2.25 **Get Stuffed; ITN News Headlines.**

2.30 **Indy Car Racing 1991.**

3.30 **Get Stuffed; ITN News Headlines.**

3.35 **New Music.**

4.35 **The Hit Man and Her.**

CHANNEL4

6.00 Early Morning. 10.00 Kabaddi. 10.30 Gazzetta Football Italia - With Paul Gascoigne. 11.30 American Football: Play Action. 12.00 Sign On: News Watch. 12.30 pm Songs and Memories.

1.00 **The Friend.**

1.15 **Racing from Sandown.** Including the 1.25 Henry VIII Novices' Chase, 1.55 Thames Valley Eggs Novices' Handicap Hurdle, 2.30 William Hill Handicap Hurdle, and the 3.00 Mitsubushi Shogun Tingle Creek Trophy (H'cap).

3.30 **Film: Siege of the Saxons.** Medieval adventure starring Ronald Lewis as an outlaw trying to save the throne of England from the invading Saxons. With Janette Scott and Ronald Howard (1963).

5.05 **Brookside.**

6.30 **Right to Reply.** Sheena McDonald introduces viewers' reports and ideas about TV.

7.00 **A Week in Politics.** Vincent Hanna and Andrew Rawnsley with parliamentary news.

8.00 **The Big Battalions.** Martha and David enter dangerous territory when an American film star arrives in Ethiopia as part of an effort to improve World Redemption's corporate image. Susan's return to England causes problems for her father. Drama, starring Brian Cox, Jane Lapotaire and Loretta Swit.

9.00 **Sex.** John Doyle talks to young people on the beach, at school, in the car and in bed, about sex, celibacy and safety. Shown as part of AIDS Awareness Week.

10.00 **Film: Les Valseuses.** Gerard Depardieu as one of two hooligans on a criminal spree across France. With Patrick Dewaere and Jeanne Moreau (English subtitles).

12.15 **Let The Blood Run Free.**

12.45 **The Happening.**

1.45 **The Word.**

2.45 **Film: Plan 9 from Outer Space.** SF adventure which boasts the accolade of "worst film of all time". Bela Lugosi died halfway through filming and was replaced by an entirely dissimilar actor (1956).

4.05 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 1.05 Anglia News. 5.00 Anglia News and Sport 10.50 Local Weather.

BORDER: 1.05 Border News. 1.10 Granada Sport. 5.00 Border News and Weather 5.10 Sports Results.

CENTRAL: 1.05 Central News 5.00 Central News 5.05 The Central Match - Goals Extra. 10.50 Local Weather.

CHANNEL: 1.05 Diary Dates. 1.10 TVS Sporting Decade. 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN: 1.05 Grampian Headlines 5.00 Grampian Headlines and Weather 10.50 Grampian Weather.

GRANADA: 1.05 Granada News 1.10 Granada Sport. 5.00 Granada News 5.10 Granada Goals Extra.

HTV: 1.05 HTV News. 5.00 HTV News and Sport

HTV Wales as HTV except: No variations.

SCOTTISH: 1.05 Scotland Today. 5.00 Scotsport Results. 5.10 Scotland Today 10.50 Scottish Weather.

TSW: 1.05 TSW News. 1.40 The South West Week. 2.10 Snooker: World Matchplay. 5.00 TSW News. 5.05 Gus Honeybun's Cartoon Time. 10.50 TSW Weather.

TVS: 1.05 TVS News. 1.10 TVS Sporting Decade. 5.00 TVS News.

TYNE TEES: 1.05 Tyne Tees News. 5.00 Tyne Tees Saturday.

ULSTER: 11.30 Zorro. 1.05 Ulster Newstime 1.10 Saturday Sport. 1.40 Movies, Movies, Movies. 2.10 Snooker: World Matchplay. 4.35 Goal of the Week. 5.00 Ulster News 5.05 Saturday Sport. 10.50 Ulster Newstime

YORKSHIRE: 11.30 The Mountain Bike Show. 1.05 Calendar News. 5.00 Calendar News. 10.50 Local Weather.

S4C Wales as Channel 4 except:- 10.00 Jeifin. 12.00 Happy Days. 12.30 The Cosby Show. 6.30 The Magic Roundabout. 6.35 Now You're Talking. 7.00 Newyddion Nos Sadwrn. 7.15 Bacha Hi O'Ma. 8.00 Deryn. 8.55 Tocyn Tymor. 9.45 Ladyboys. 10.45 The Return of Martin Guerre. (1982)

SUNDAY

BBC1

7.30 Film: Badman's Territory. 9.05 Good Morning with Anne and Nick - Advent Calendar. 9.10 News. 9.15 The Promise of His Glory. 10.00 See Hear! 10.45 Italianissimo. 11.00 Careering Ahead. 11.30 Mosaic.

12.00 **Advice Shop.** Helen Madden presents the welfare rights magazine.

12.30 **CountryFile.** Environmental and agricultural news.

12.55 **Weather for the Week Ahead; News.**

1.00 **On the Record.** Political interviews, with Jonathan Dimbleby and John Cole.

2.00 **EastEnders.**

3.00 **Eldorado.**

3.30 **Poll Winners' Party.**

5.00 **Bugs Bunny.**

5.20 **The Clothes Show.** Visiting Littlehampton in Sussex to find out how the Body Shop makes cosmetics. The team also presents handy fashion tips for Christmas using ribbons and hairpieces.

5.45 **The Borrowers.** The little people begin the search for their cousins with the help of Spiller, a wild Borrower. With Ian Holm.

6.15 **Weather Watch.**

6.25 **News.**

6.40 **Songs of Praise from Burgsteinfurt.** Alan Titchmarsh in the village of Burgsteinfurt in North Germany.

7.15 **Last of the Summer Wine.**

7.45 **Film: Perry Mason: The Case of the Desperate Deception.** Premiere. Raymond Burr as the famous attorney trying to clear a US Marine framed for murder (1990).

9.15 **News and Weather.**

9.30 **Look at It This Way.** Starring David Dukes.

10.30 **Everyman.** Examining the service of Evensong in the late 20th century. Everyman explores the place of this ancient ceremony through Dame Betty Ridley's devotion to the tradition.

11.10 ***Survivor's Guide to Maastricht.*** On the eve of the Edinburgh EC Summit, the programme offers a simple guide to the Maastricht Treaty and its implications for Britain.

11.45 **Bellamy Rides Again.** David Bellamy on restoring balance to the damaged nitrogen cycle.

12.15 **The Sky at Night.** Patrick Moore and Professor Sir Francis Graham-Smith discuss the Crab Nebula.

12.35 **Tanhalyan.**

1.15 **Weather.**

1.20 **Close.**

BBC2

7.00 Felix the Cat. 7.15 Playdays. 7.40 Smoggies! 8.05 Telling Tales. 8.20 Orville and Cuddles. 8.25 Blitsa. 8.45 Gentle Ben. 9.10 The Wetter the Better. 9.35 Thundercats. 10.00 Kevin and Co. 10.25 Blue Peter Omnibus. 11.15 The O Zone. 11.30 Shakespeare: The Animated Tales. 12.00 Thunderbirds. 12.50 pm The Invaders.

1.40 **The Staggering Stories of Ferdinand De Bargos.**

2.00 **Around Westminster.** A review of the week in politics.

2.30 **Trivial Pursuit.** David Attenborough narrates an investigation into why growing animals spend vast quantities of time and energy playing.

3.00 ***Film: Mister Roberts.*** *John Ford's* World War Two comedy drama about a navy lieutenant aboard a cargo ship who yearns to see military action. Starring Henry Fonda and James Cagney (1955).

5.00 **Rugby Special.**

6.00 **Ski Sunday.** New series. David Vine introduces highlights of the action from Val d'Isere, France.

6.35 **The Money Programme.** On the eve of the general share-holders meeting, Amstrad founder Alan Sugar answers critics about his plans for a buy-back which will make the company private.

7.15 **Realms of the Russian Bear.** Wildlife reporter Nikolai Drozdov continues his guided tour of the Commonwealth of Independent States with an exploration of the Arctic frontier. **Advent Calendar.**

8.05 **Funny Business.**

8.55 **Did You See?** Writer Hunter Davies, journalist and TV presenter Mavis Nicholson and England Rugby Union full-back Jonathan Webb are guests.

9.25 **Prisoners of Conscience.** New series. Helena Kennedy QC, presents an introductory programme launching two weeks of nightly programmes illustrating *the plight of wrongly imprisoned* people around the world.

9.55 **The Cry.** Michael Finnissy, leading British composer and a recently confirmed member of the Anglican Church, celebrates Advent with The Cry of Zephaniah, his musical interpretation of a Biblical story.

10.15 **Film: Longtime Companion.** Drama about men coming to terms with Aids. (1990).

11.55 **Film: The Big Heat.** Glenn Ford as a policeman investigating the murder of a colleague. (1953).

1.25 **Close.**

LWT

6.00 TV Am. 9.25 The Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 The Human Factor. 12.30 pm LWT News Weekend; Weather.

1.00 **ITN News; Weather.**

1.10 **Special Inquiry.** Leading European and British politicians discuss the future of the EC. Donald MacCormick asks: Despite the protestations of British politicians, is a Federal Europe now inevitable?; The Day.

2.00 **Bullseye.**

2.30 **The London Match.** Charlton Athletic v Portsmouth. Commentary by Brian Moore.

3.30 **Snooker: World Matchplay.** The world's top players compete at The Dome, Doncaster, for a first prize of £70,000. Commentary by Rex Williams and Mark Wildman.

5.00 **Baywatch.**

6.00 **Animal Country.**

6.30 **ITN News; Weather.**

6.35 **LWT News; Weather.**

6.40 **Highway.** Sir Harry Secombe travels to Bathgate in West Lothian.

7.15 **The Ruth Rendell Mysteries.** Final part of Kissing the Gunner's Daughter. Starring George Baker and Christopher Ravenscroft. Wexford's determination leads him to a startling conclusion. Will Sgt Vine's computer arrive at the same result and thus prevent Wexford becoming the final murder victim?

8.15 **A Touch of Frost.** New series. The first of three feature length crime dramas starring David Jason as Sgt Jack Frost.

10.15 **ITN News; Weather.**

10.30 **LWT Weather.**

10.35 **The New Statesman.**

11.05 **Snooker: World Matchplay.** Action from The Dome in Doncaster; The Day.

12.30 **Cue the Music.**

1.30 **Get Stuffed; ITN News Headlines.**

1.35 **The ITV Chart Show.**

2.35 **Get Stuffed; ITN News Headlines.**

2.40 **Film: Nairobi Affair.** Safari adventure, starring Charlton Heston (TVM 1985).

4.30 **Pick of the Week.**

5.00 **Grand Prix at Sea.**

CHANNEL4

6.00 Early Morning. 9.25 Laurel and Hardy. 9.30 Dennis. 9.45 Flipper. 10.15 The Lone Ranger. 10.45 Voyage to the Bottom of the Sea. 11.45 Little House on the Prairie. 12.45 pm Classic Cars.

1.15 **Football Italia.** Fixtures include Juventus v Fiorentina, AC Milan v Udinese and Lazio v Pescara.

3.30 **Film: The Secret Partner.** Stewart Granger as an executive who turns detective to prove he did not steal from his company. Thriller, also starring Lee Montague (1961).

5.10 **News.**

5.15 **High Interest: Swords Into Tube Trains.** Examining the impact defence cuts will have on the manufacturing industries. With many towns highly dependent on a single arms manufacturer, the programme considers the likely repercussions that the fall in the arms trade will have on small communities.

6.00 **The Miraculous Mellops.**

6.30 **The Cosby Show.**

7.00 **Equinox: Toying with the Future.** Condidering the impact of electronic technology on toys. In the approach to Christmas, many parents wonder what to buy for their children. Building blocks and Meccano sets have been replaced by Lego Technic and video games. Are these modern toys harmful to a child's development? Equinox explores the origins of toys in our culture 200 years ago and talks to children about the latest gadgets and playthings.

8.00 **Poetry in Motion.** Feminist writer Germaine Greer explores women's poetry. She discusses the work of Elizabeth Barrett Browning and female verse from ancient empires to contemporary Britain. Sappho, Christina Rossetti and the novelist Aphra Behn are also discussed.

8.30 **American Football.** Highlights from the day's featured game and action from other NFL games.

10.00 **Film: The Longest Day.** Second World War adventure which recreates the Allied landings in Normandy on June 6, 1944. The cast includes John Wayne, Richard Burton and Sean Connery (1962).

1.15 **Film: Erendira.** A girl accidentally burns down her grandmother's house and is forced to sell her body to pay for the damage. Starring Claudia Ohana. (1983).

3.10 **Close.**

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Gardening Time. 12.50 Anglia News. 2.00 Snooker: World Matchplay. 5.00 WCW Worldwide Wrestling. 5.30 Bullseye. 6.35 Anglia News. 10.30 Regional Weather.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.00 Snooker: World Matchplay. 5.00 Scotsport. 6.00 Bullseye. 6.35 Border News.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.00 Snooker: World Matchplay. 2.45 The Central Match - Live. 5.00 Cartoon. 5.15 WCW Worldwide Wrestling. 6.00 Bullseye. 6.35 Central News 10.30 Local Weather.

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.30 Snooker: World Matchplay. 6.35 Channel News.

GRAMPIAN: 10.45 Heidi. 11.15 Sunday Service. 11.45 Link. 12.30 Eikon. 12.55 Grampian Headlines. 2.10 Snooker: World Matchplay. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Country Cooks of the Year. 6.35 Grampian Headlines. 10.30 Grampian Weather.

GRANADA: 12.25 What the MP's Say. 12.55 Granada News 2.00 Granada Action with the A Team. 2.30 Snooker: World Matchplay. 5.00 House Style. 5.30 Coronation Street. 6.35 Granada News

HTV: 12.30 The Nature of Things. 12.55 HTV News. 2.00 Snooker: World Matchplay. 5.00 An Invitation to Remember. 5.30 Bullseye. 6.35 HTV News.

HTV Wales as HTV except: No variations.

SCOTTISH: 10.45 Glen Michael's Cartoon Cavalcade. 11.15 Link. 11.30 Sunday Service. 12.30 Eikon. 12.55 Scotland Today. 2.00 Snooker: World Matchplay. 4.30 Scottish Books. 5.00 Scotsport. 6.00 NB Special. 6.35 Scotland Today 10.30 Scottish Weather.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.00 Fisheries News. 2.15 Snooker: World Matchplay. 5.00 Bullseye. 5.30 Cobblestones, Cottages and Castles. 6.35 TSW News. 10.30 TSW Weather.

TVS: 12.30 TVS News. 12.35 Agenda. 2.30 Snooker: World Matchplay. 6.35 TVS News.

TYNE TEES: 12.25 Wild World of the East. 12.55 Tyne Tees News. 2.00 Snooker: World Matchplay. 5.00 The Back Page. 5.30 Animal Country. 6.00 Bullseye. 6.35 Tyne Tees News.

YORKSHIRE: 12.25 The Littlest Hobo. 12.50 Calendar News. 2.00 Snooker: World Matchplay. 5.00 Animal Country. 5.30 Bullseye. 6.00 Calendar. 6.35 Local Weather 10.30 Local Weather.

S4C Wales as Channel 4 except:- 9.45 The Lone Ranger. 10.15 Happy Days. 12.45 Siarad Plaen. 1.10 The Magic Roundabout. 3.30 Man Eating Tigers. 4.30 Desmond's. 5.00 Dechrau Canu Dechrau Canmol. 5.30 Pobol y Cwm. 7.05 Holl Hwn a Holl Lliall. 8.00 Pris y Farchnad. 9.00 Hel Straeon. 9.30 Newyddion. 9.35 Saith Diwrnod Ar y Sul. 9.50 Adfent. 9.55 American Football '92-'93. 11.20 The Prisoner.

RADIO

SATURDAY

BBC RADIO 2
6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Nick Barraclough's New Country. 1.00 I'm Sorry I'll Read that Again. 1.30 Pull the Other One. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Lionel Bart - Reviewing the Situation. 5.00 Cinema 2. 5.30 The Great Musicals. 6.00 Bob Holness Requests the Pleasure. 7.00 Behind the Hits. 7.30 Massed Bands Extravaganza. 9.30 Easy Does It. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 John Terrett. 4.00 Barbara Sturgeon.

BBC RADIO 3
6.55 Weather.
7.00 Record Review.
1.00 News.
1.05 Vermeer Quartet.
2.35 Lamentations of Jeremiah.
3.00 Solti.
5.00 Jazz Record Requests.
5.45 Opera News.
6.30 Live from the Met: L'Elisir d'Amore.
9.15 The Translators.
9.35 Joanna MacGregor.
10.30 Glasgow Jazz Festival.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News Briefing.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 Loose Ends.
11.00 The Week in Westminster.
11.30 Europhile.
12.00 Money Box.
12.25 I'm Sorry I Haven't a Clue.
1.00 News.
1.10 Any Questions?
2.00 Any Answers? 071-580 4444.
2.30 Saturday Playhouse.
4.00 Age to Age.
4.30 Science Now.
5.00 Costing the Earth.
5.25 Tea Junction.
6.00 News and Sports Round-up.
6.25 Week Ending.
6.50 The Locker Room.
7.20 Kaleidoscope.
7.50 Classic Serial.
8.50 Conversation Piece.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Open Mind.
10.45 Worlds Apart.
11.00 Richard Baker Compares Notes.
11.30 Dear Diary.
12.00 News.
12.30 Close.

BBC RADIO 5
6.00 World Service Newshour
6.30 Weekend Edition.
9.30 Get Set.
10.30 Tales of the Texas Rangers.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
5.00 Sports Report.
6.00 Six-o-Six.
7.30 Le Top.
9.00 Afropop Worldwide.
10.15 On the Level.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; The World Today. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report: Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now and Then; Letter From America. 10.30 Waveguide; Book Choice; From The Weeklies. 11.00 Newsdesk. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News; Sportsworld continued. 4.00 News; News About Britain; BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News Summary; Sportsworld. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes in German. 8.00 News; Personal View; Words of Faith. 8.30 Europe This Weekend. 8.55 European Sports News. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News. Words of Faith; Book Choice. A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary; Play of the Week: The Winter Wife. 2.00 Newsdesk; The Greatest Power on Earth. 3.00 News. News About Britain. 3.15 Sports Roundup 3.30 From Our Own Correspondent 3.50 Write On. 4.00 News. 4.15 For Better for Worse. 4.30 Business Review. 4.45 Programmes in German.

CLASSIC FM
6.00 Sarah Lucas.
9.00 Classic CD Chart Rundown.
12.00 Petroc Trelawny.
3.00 Adrian Love
6.00 Classic America.
7.00 Introduction to the Opera.
10.00 Classic Quiz.
12.00 Andre Leon.
2.00 Classic CD Chart Rundown.
4.00 Classic America.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green 3.00 Alan Dell. 4.00 A Tenor Sang. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme *12.05 Nick Barraclough's* New Country. 1.00 John Terrett. 4.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sunday Morning Concert.
9.00 News.
9.05 Brian Kay's Sunday Morning.
12.00 Spirit of the Age.
1.00 News.
1.05 Table Talk's History of the World
1.20 BBC Welsh SO.
2.55 Orlando Gibbons.
3.30 Songs of Bliss
4.15 Mozart's Violin Concertos.
5.45 Listening To - Baroque Opera.
6.30 Raphael Oleg and Pascal Roge.
7.30 Tender Is the North.
9.00 Critics' Choice: Tom and Viv.
10.55 Music in Our Time.
12.10 New Voices of Flamenco
12.30 News.
12.35 Close

BBC RADIO 4
6.00 News Briefing.
6.10 Prelude.
6.30 Morning Has Broken.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Reverend Canon Geoffrey Brown.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 Pick of the Week.
12.15 Desert Island Discs.
1.00 The World This Weekend.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.30 The Radio Programme.
4.00 Analysis.
4.47 Treasure Islands.
5.00 Sue Limb in Ozleworth.
5.30 Poetry Please!
6.00 Six O'Clock News.
6.15 Feedback.
6.30 Europhile
7.00 The Best of Fear on 4.
7.30 Bookshelf.
8.00 Punters.
8.30 Reading Aloud.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 A Search for the Spanish Soul.
11.00 In Committee.
11.30 Seeds of Faith.
12.00 News.
12.30 Close

BBC RADIO 5
6.00 World Service: Newshour. 6.30 Weekend Edition. 9.30 We are Mesquakie We are One. 10.00 Johnnie Walker. 11.30 Fantasy Football League. 12.30 Sunday Brunch. 1.40 Open Forum. 2.00 Animal Talk. 2.30 The Mark Steel Solution. 3.00 Sunday Sport. 6.00 Writers' Weekly. 6.30 *Education Matters.* 7.15 How We Lived Then. 7.30 Italianissimo. 8.00 Restart French. 8.30 Deutsch Express. 9.00 Open University. 9.30 Club Class. 10.10 Across the Line. 12.00 Close.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:
6.00 News; Letter From America. 6.30 Programmes in French. 7.00 Newsdesk. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Classics with Kay. 9.00 News; Business Review. 9.15 Seeing Stars. 9.30 Folk in Britain. 9.45 Sports Roundup. 10.00 News Summary; Science in Action. 10.30 In Praise of God. 11.00 Newsdesk; BBC English. 11.45 News and British Press Review in German. 12.00 News Summary; Play of the Week: The Winter Wife. 1.00 Newshour. 2.00 News Summary. 2.01 Out Of The Air. 2.30 Anything Goes. 3.00 News. 3.15 Concert Hall. 4.00 News; News About Britain. 4.15 BBC English. 4.29 News Headlines in French. 4.30 Programmes in German. 5.00 News and Business Review. 5.15 Club 648. 5.30 Programmes in French. 6.00 Newsdesk. 6.30 Programmes *in German.* 8.00 News; Folk in Britain; Words of Faith. 8.30 Europe Tonight. 9.00 Newshour. 10.00 News; Meridian. 10.45 Sports Roundup. 11.00 News; Business Review; Classics with Kay. 12.00 Newsdesk. 12.30 In Praise Of God. 1.00 News Summary; The Invention Of Tradition. 1.45 Jerome Kern Among Friends. 2.00 Newsdesk. 2.30 Composer Of The Month: Sir Michael Tippett. 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 Anything Goes. 4.00 World News. 4.15 On Screen. 4.30 Waveguide. 4.45 Programmes in German.

CLASSIC FM 6.00 Sarah Lucas. 9.00 Classic Romance. 12.00 CD Requests. 2.00 Celebrity Choice. 3.00 Robert Booth. 7.00 Authentic Performances. 8.00 Classic FM Concert. 10.00 Sunday Night Out at Smollensky's. 11.00 Contemporary Classics. 12.00 Andre Leon. 2.00 Classic Romance. 3.00 Andre Leon.

CHESS

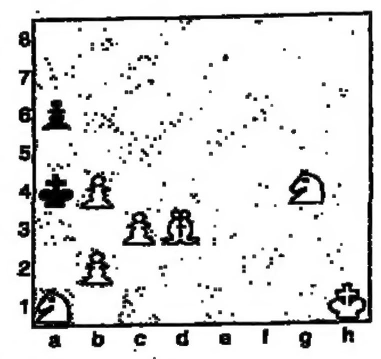
AN UPDATED edition of the widely acclaimed *Oxford Companion To Chess* by Daid Hooper and Kenneth Whyld (OUP, £25) invites comparison with its rival, *Batsford Chess Encyclopedia* by Nathan Divinsky (Batsford, 1990, £12.99).

Hooper and Whyld provide a detailed overview of all branches of the game, including computers and problems, Chinese chess and shogi, basic endgame theory, and past champions like Morphy, Steinitz and Lasker. Divinsky is more subjective and has more mistakes, but is strong on the rapid growth of the 1970s and 1980s and the surge of new ideas and young talent.

Both books are eminently readable and are ideal Christmas gifts for chess playing friends who may not be experts but like to browse in the game's history and byways. The real enthusiast will buy them both and enjoy comparing the differences of emphasis and judgment. Hooper/Whyld respect Alekhine, the world champion born a century ago this year; Divinsky is more reserved, citing statistics which place him only 18th on an all time list. Hooper/Whyld view Bobby Fischer as essentially rational, Divinsky thinks him "one-dimensional".

Hooper/Whyld are particularly strong on chess personalities. We learn that Von Kempelen, inventor of the first chess automaton, designed a canal system to link Budapest with the Adriatic; that Sam Lloyd, perhaps the best ever problemist, was also a ventriloquist and conjurer; and that a Lasker v Maroczy world title in Cuba fell through because of a revolution there.

In summary, an enjoyable and erudite work.



White mates in five moves (by Auguste d'Orville, 1842). All Black's replies are forced, but you have to find an improbable White sequence in a precise order.

Solution page XXII

Leonard Barden

BRIDGE

MAINTAINING communication with dummy often causes problems for the declarer. But when a suit also breaks unkindly, the problems may seem insurmountable. Let us see how declarer coped in this hand from rubber bridge:

	N	
	♠ A K Q	
	♥ 10 9 8 6 3	
	♦ K J	
	♣ 7 5 3	
W		E
♠ 4		♠ 10 6 5 2
♥ J 7 4 2		♥ 5
♦ Q 10 8 7 5 4 2		♦ 6 3
♣ 2		♣ K Q J 10 8 4
	S	
	♠ J 9 8 7 3	
	♥ A K Q	
	♦ A 9	
	♣ A 9 6	

With North-South vulnerable, North dealt and opened with one heart. East over-called with two clubs and South bid two spades. North raised to three spades – in spite of his strong spades, he cannot bid more. South showed interest in a slam by a cue-bid of four clubs. North stolidly said four spades but South went to six.

When West opened with the club two, an obvious singleton, South thought they had missed the grand slam. Winning with his ace, he cashed dummy's trump honours. Blow number one: East held four spades.

The declarer crossed to his heart ace and drew East's last trump, then cashed king and queen of hearts. Blow number two, and this very serious: West held the guarded knave.

How could South concede a heart trick and enjoy the fifth heart? There was only one entry to dummy. The light dawned. East could be counted for a doubleton diamond, so West probably held the queen.

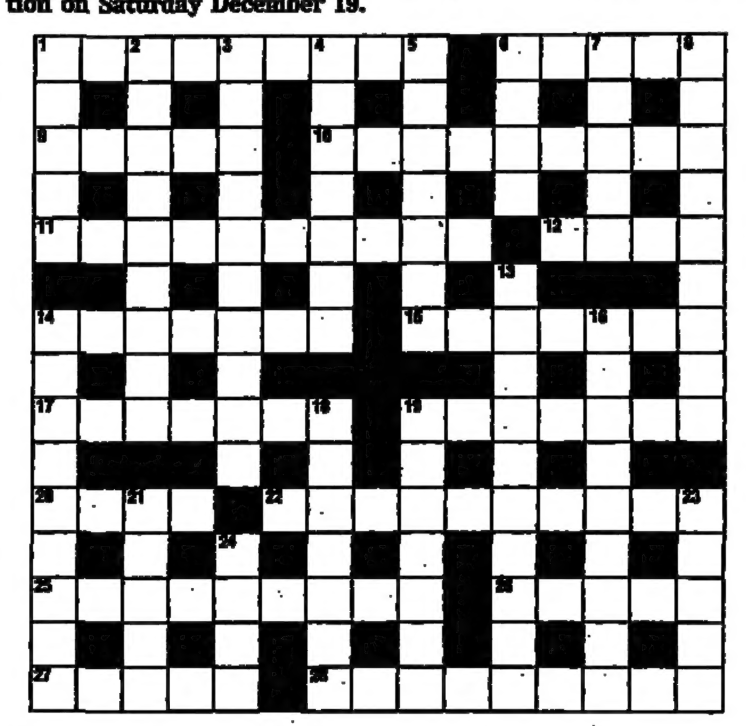
Playing his diamond nine, South finessed the knave in dummy and returned a heart, on which he discarded his diamond ace. West took his knave and, with only diamonds in his hand, was forced to give entry to dummy by a diamond lead. The nine of hearts was the declarer's 12th trick. The declarer wins an Oscar for really brilliant entry-creation.

E.P.C. Cotter

CROSSWORD

No. 8,021 Set by DINMUTZ

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name, for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday December 16, marked Crossword 8,021 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 19.



Name...

Address...

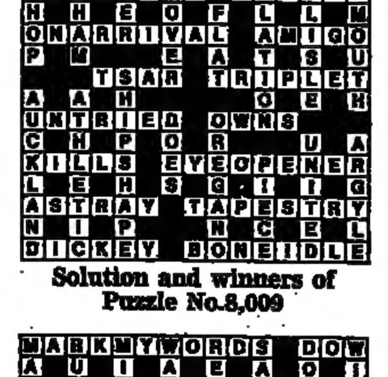
ACROSS

1 Agony aunt in the Nuns' Chorus? (3-6)
6 Short, woven fibre (5)
9 Noon fix? (5)
10 Disparaging remark as individual embraces one (9)
11 Pooh's tired out in minister's office (10)
12 Soon to be nameless (4)
14 As a follower, read her pieces (7)
15 Violinist sharp in opening of Idomeneo? (7)
17 Creeps around junction to find bearing (7)
19 Four in test is commonplace (7)
20 Line of verse from the William books? (4)
22 One has maintenance work on hand (10)
25 In such distrust of self, I bids cunningly (9)
26 A little pitch for the table? (5)
27 This poet is dead – bet on it! (5)
28 Composite plant needing yellow pole? (9)

DOWN

1 Crawled quietly in the everglades (5)
2 After semi-wobble on motorway, she is finding defects (9)
3 Iridescent variety of rash (10)
4 Drink dear in France? See guide! (7)
5 Bond has tap on wine (7)
6 Char taken from stream? (4)
7 As a fabulous king, he was bound to circulate (5)
8 Budgeting in our times, say? (9)
13 Join state? (10)
14 Bearing watched when thinking habitually of flying (3-6)
16 As one who breaks the ice in Italian, I need a rise (9)
18 Notice in Herts town – "Open for business" (7)
19 Fill out form? That can be burdensome (7)
21 Mona's new brother? (5)
23 Returning it, cardinal is ready to drop (5)
24 Just water (4)

Solution to Puzzle No.8,020



Solution and winners of Puzzle No.8,009

Mrs J.M. Hopcroft, Twyford, Bucks; Mrs J.C. Alexandroff, Worplesdon, Surrey; A.H. Brentnall, Cockermouth, Cumbria; T.A. Pickard, Axminster, Devon; B. Powell, Colchester, Essex; E. Wilson, Belfast.